INTRODUCTION TO CONSUMER COMPLIANCE EXAMINATIONS

Type of Participant Targeted

Introduction to Consumer Compliance Examinations (CA I) is designed for Federal Reserve System consumer compliance examiners with at least three, but ideally no more than six months of examination experience. The course may also benefit other System professionals who work with consumer laws and regulations. *All assistant examiners involved in the consumer affairs specialty must complete this course before being commissioned.*

Prerequisites

Before the course, participants should have:

- Completed the Examiner Orientation Program
- Participated in at least two consumer compliance examinations (participant would particularly benefit from assignments affording some exposure to Regulations C, B, Z, D, E, Q, DD, and CC)
- Proficiency with the calculator issued by Reserve District (each participant should bring to class the **annual percentage rate formula** used in his or her District and be very familiar with their Reserve Bank issued calculator)
- Proficiency with the **OCC's APR and APY calculation software programs**. These microcomputer programs should be loaded on their laptop computer or on a disk.
- Read the Consumer Leasing – Regulation M, Fair Debt Collection Practices Act, the Right to Financial Privacy Act, and Unfair and Deceptive Acts and Practices material in Consumer Compliance Handbook.
- Completed a written precourse assignment that takes *approximately 1 hour*.
- Completed the following Bankers Training & Consulting Company (BTCC) computer-based training modules:

  7039 Reg. Z: An Overview (*120 minutes**)
  7040 Reg. Z: Closed-end Credit Disclosures (*120 minutes**)
  7041 Reg. Z: Open-end Credit Disclosures (*90 minutes**)
  7019 Reg. CC: An Overview (*30 minutes**)
  7021 Reg. CC: Exceptions and the $100 Rule (*60 minutes**)
  9012 Reg. E: An Overview *(30 minutes*)*
  9013 Reg. E: Key Elements *(60 minutes*)*
  9014 Reg. E: Handling Errors and Complaints *(30 minutes*)*
  9015 Reg. E: How to Comply *(30 minutes*)*
  7047 TISA: An Overview (*30 minutes*)*

7048 TISA: Disclosure Requirements *(60 minutes*)*
7049 TISA: Calculating Interest *(30 minutes*)*
7050 TISA: Advertising Requirements *(50 minutes*)*
7055 Fair Credit Reporting Act: An Overview *(30 minutes*)*
7057 Privacy Compliance: What You Need to Know *(60 minutes*)*
9033 Privacy Compliance: Protecting Consumer Financial Information *(120 minutes*)*

* These time estimates are from the BTCC. Your actual time to complete a module may vary.

Course Overview

CA I provides assistant examiners with an opportunity to focus on the consumer laws and regulations that govern operations and non-real estate lending. The course emphasizes the practical application of banking regulations and examination procedures.

The course focuses on Regulations D, E, Q, CC, and DD. Examination techniques covering the Fair Debt Collection Practices Act and the Right to Financial Privacy Act, as well as portions of Regulations B and Z and the Fair Credit Reporting Act, which are relevant to open- and closed-end non-real estate loans, are also reviewed.

At the end of each week, an open-book self-comprehension check will be given. Participant scores will not be shared with their Reserve Bank supervisor. However, these same subject matter areas may be contained in the Second Proficiency Examination so these results may highlight target areas for self study prior to the exam. Homework will consist of unfinished in-class exercises.

Course Objectives

After completing this nine day course, the participant, at a minimum, will be able to complete the following objectives:

- Discuss and apply concepts of risk-focused supervision
- Define and discuss relevant consumer banking laws and regulations.
- Apply System policies and procedures to assess compliance with consumer laws and regulations related to bank operations and non-real estate lending
- Document and cite violations of consumer banking regulations and statutes in accordance with System risk-focused guidelines
- Support examination findings using relevant workpapers
- Use the Federal Regulatory Service and other available System resources

Post-Course Intervention

After completing CA I, the participant should be given on-the-job assignments that will increase the retention of the competencies presented during class. Such on-the-job assignments include the following examples:

- Assist in an examination focusing on Regulation C (Home Mortgage Disclosure Act) and HMDA Loan Application Review (LAR) analysis.
- Assist in an examination focusing on Regulation Z (consumer installment and single-payment loan analysis) and Home Equity Loan open-end credit review analysis.
- Assist in an examination focusing on Regulations D, E, Q, CC and DD.
- Assist in an examination focusing on open-end credit loan review of credit cards and overdraft demand account loan review.
- Assist in a consumer compliance examination focusing on Fair Debt Collection Practices Act and the Right to Financial Privacy Act.
- Assist in a consumer compliance examination focusing on the applicable portions of Regulations B and Z and the Fair Credit Reporting Act.

Overview of CA I Curriculum

Subject	Approximate Class Hours	Homework Hours
Course Overview and Activities	3.00	--
Role of the Compliance Examiner	.50	*
Examiner Etiquette	.75	--
Basic Examination Objectives	.25	-
Risk-Focus Examination Process	1.00	--
Sampling	.50	--
Workpapers	.50	--
How to Read a Regulation	.50	--
System Resources	.50	-
Intro. to Deposit Accts. – Regulations D & Q, RTFPA	3.00	--
Examination of Deposit Accts. – Regulation DD	3.50	--
Interviewing Techniques	1.25	--
Violation Write-ups	1.50	--
Examination of Deposit Accts. – Regulation CC	3.75	--
Examination of Deposit Accts. – Regulation E	3.00	--
Introduction to the Lending Function	.75	--
Regulation AA	.50	--

Declined Loans – Regulation B & FCRA	4.00	-
Regulation P & FCRA	3.00	--
HMDA/CRA Data Verification	2.50	--
Closed-end Regulation Z	8.00	-
Intro. To Reg. Z – Open-end Credit	.75	--
Initial & Supplemental Disclosures	.75	--
Periodic Statements	2.00	--
Credit & Charge Card Disclosures	1.50	--
Special Rules for Open-end Credit	1.00	--
Billing Error Resolution	.75	--
Credit Advertising	1.25	
Total	50.50	--

* Homework for this course consists of daily unfinished in-class exercises.

Class Size

The optimal class size for CA I is 15 participants. To provide sufficient variety of interaction among class participants, the minimum class size is 10 participants. Because CA I incorporates many in-class exercises and some topics require specialized subject matter expertise to present instructional material, sufficient instructors are available to assist individuals and small groups. Accordingly, to ensure a manageable instructor workload and maintain a reasonable participant-to-instructor ratio, a maximum class size is 25 participants.

Instructors

CA I includes one lead instructor and four additional instructors with consumer compliance examination experience. Other instructors include Board staff and other System examiners who have expertise in specific topics.