

Managing Increasing Fair Lending and CRA Risk



If your bank is not analyzing data or managing Fair Lending and CRA Risk using a formal risk management program the Bank is exposed to increasing risk, regardless of the results of the bank's last examination. TCA's Fair Lending and CRA Risk Management Team understands the evolving regulator analysis techniques and expectations; we are ready to help you manage these increasing risks. Our Team will help you prepare for the new regulatory approach and enhance your bank's Fair Lending or CRA Risk Management Program.

Call Steve Houchens at (630) 770-8237 or Margaret Dolinger at (312) 877-1542 to discuss tailored Fair Lending and CRA services.

Fair Lending Risk Review

TCA's specialized Fair Lending reviews focus on fair lending risk in the same manner as the regulatory agencies. We work with Banks to understand their assessment areas and lending patterns, including:

- Analysis of historic lending data and comparison to bank peers and lending patterns within the census tracts of the core lending area.
- Analysis of applications to determine if statistical anomalies known as disparity ratios exist.
- Matched pair analysis of similarly situated applicants.
- Review of lending policies, underwriting standards, and second review processes for fair and consistent treatment.
- Lending mapping is also provided as a part of the review.

Fair Lending Program Development

Critical to the institutions fair lending performance is the quality of its fair lending compliance management system. TCA tailors each Bank's Program and will assist management and the Board in developing an effective fair lending program, which includes:

- A comprehensive Fair Lending Policy and Fair Lending Risk Assessment.
- Monitoring processes and exception reporting processes.
- Training, complaint management and marketing guidance.
- Senior Management and Board of Directors reporting.

Fair Lending Risk Assessment

TCA will assist the bank developing a risk assessment which allows management and the Board to understand the institutions fair lending risk by identifying the scope and depth of inherent risk, evaluate the controls or strategies to manage inherent risk and identify the remaining areas of risk.

Personalized Fair Lending Training

Fair Lending training ensures that all staff, management, and Board understand fair lending risk and their role in mitigating that risk. Training is customized to the needs of the institution and where available personalized information relating to the Institution's performance is included.

Data Analytics and Reporting Packages

Using the same fair lending software that is used in the Fair Lending Risk Review, TCA will take the institutions loan information (LAR) and generate reports that show the institutions lending performance and lending patterns with regard to their assessment areas and peers. Reporting packages suitable for periodic monitoring reporting to management and the Board are also provided.

Lending Pattern Mapping

In connection with our Fair Lending Risk Review, CRA Analysis, and when requested with our Data Analytics and Reporting service, TCA provides a pictorial view of the lending patterns of the client, showing both where lending activity exists and where opportunities exist for the client.

CRA Analysis

TCA will evaluate the Institution's CRA performance in the same manner as the regulatory agencies using examination procedures applicable to the size of the institution (small, intermediate small, or large bank procedures). Analysis factors include:

- Residential mortgage loans and small business/small farm loans
- Calculation of lending distribution by borrower income and business gross revenues.
- Analysis of available demographic information for the assessment areas.