

BANK GOVERNANCE & REGULATION

Fair Lending and CRA Services

Representative Engagements and Services

- Selected by one of the largest title loan companies in the U.S. (and its unsecured, online lending division) to provide a complete BSA/AML review; perform a high-level review of the enterprise-wide fair lending practices; assist in building a Fair Lending framework (policies, procedures, etc.); and assist it in developing and delivering training across the country.
- Retained by one of the nation's largest payday lenders, a party to a class-action lawsuit brought by plaintiffs related to alleged violations of the California Deferred Deposit Transaction Law and the California Unfair Competition Law. FTI Consulting played a key role in rebutting the class allegations.
- Selected by a major mortgage bank facing put-back claims alleging defective mortgage origination practices in the wake of the financial crisis. FTI Consulting developed proprietary data analytical to assess the legitimacy of claims and facilitate standardized responses using documentation or electronic evidence to substantiate the validity of the origination.
- Assisted one of the largest providers of private student loan programs in the country perform an independent verification and analysis of loan data to assure its rating agency that reported information was consistent with raw data sources and accurately reported for trust rating. We developed certain procedures to extract, sample, analyze, consolidate and report different variations of student loan-level origination and performance data from various securitizations; and report ongoing results to the rating agency.
- Assisted a large regional bank review and evaluate its mortgage lending practices to help refute allegations of disparate lending. Our review included analysis of HMDA data as well as the bank's marketing practices.

Financial institutions, mortgage lenders, and other non-bank financial lenders are under unprecedented scrutiny by the Consumer Financial Protection Bureau (CFPB), as well as bank and state regulators, community groups and the U.S. Department of Justice, to maintain the highest standards and consistency and fairness in lending. The CFPB has focused on the disparate impact in multiple lending markets, and class action lawsuits have been on the rise. To avoid potentially severe sanctions, banks and non-bank creditors should proactively design robust non-discriminatory compliance lending programs. FTI Consulting offers the governance, investigative and regulatory expertise to implement such programs and to respond to regulatory inquiries, exams, enforcement actions and lawsuits.

Who We Are

As a leading independent consulting firm free of conflicts, FTI Consulting is often the preferred provider of critical services to financial institutions globally. Our Bank Governance and Regulation practice consists of a team of experienced professionals, including former senior managers at bank regulatory agencies and financial institutions, who have the expertise and experience to help clients effectively resolve Fair Lending and CRA issues, and provide value-added services in the process. Our financial professionals are experienced bankers; CPAs, attorneys, economists, forensic specialists and other financial professionals with expertise in governance, compliance, enterprise risk management, financial and operational risk, data analytics and information technology. Our team includes former staff members of the Federal Reserve Board, and the Office of Comptroller of the Currency, FDIC, FHFA, SEC, Department of Justice, and States Attorney Generals.

Meeting the Challenges

We help our clients balance and meet their lending-related regulatory challenges by focusing on the core elements of the lending and credit administration processes. We deliver services that identify weaknesses, provide actionable recommendations, and inform decision-makers. Our services fall into the following categories:

- Governance, Risk and Compliance
- Assessment and Analysis
- Technology
- Training

Governance, Risk and Compliance Services

Remediation and Compliance Project Assistance – Our professionals have extensive expertise in remediation of control deficiencies, and development of policies and procedures, and internal control systems to create comprehensive effective compliance programs calibrated to an institution's specific risk profile and activities.

Independent Testing and Pre-Examination Reviews – A critical component of an institution's fair lending compliance program is the ability to assess the core control and compliance culture and report on its effectiveness. Our expertise in compliance program management, HMDA and CRA data capture, reporting, and analysis, regulatory investigations and internal audit practices are key elements in the comprehensive fair lending services we provide to financial institutions.

Compliance Management Systems – FTI Consulting professionals have extensive experience developing and reviewing end-to-end fair lending policies and procedures; performing in-depth and HMDA, CRA, statistical modeling and lending analytics;

implementing enterprise-wide risk management solutions; and conducting employee and board training.

Community Reinvestment Act – The CRA continues to carry sanctions limiting growth for non-compliance. FTI Consulting helps banks comply fully with the CRA and its data capture, reporting and fair lending components. We help identify profitable affordable housing lending opportunities, and thus add to, not detract from, the bank’s bottom line.

Assessment and Analysis Services

Enterprise/General Fair Lending Reviews – FTI Consulting is equipped to provide a full suite of services in fair lending governance and class-action rebuttal. Our reviews include a top-down, risk-based approach to fair lending, ensuring that the Board and senior management are fully versed in, and supportive of, elements of fair lending throughout the enterprise. We can assess compliance in all credit centers within the enterprise, helping to ensure that each credit center employs a risk-based, fully compliant approach to fair lending laws, regulations and policy directives.

Mortgage Lending Analysis – We combine an in-depth review of HMDA data together with the mortgage lending credit criteria, and compare it to the institution’s application evaluation processes. We also look closely at the compensation, marketing and other business plans for impacts on fair lending, and evaluate technical compliance with ECOA and FHA.

Statistical Analysis – FTI Consulting offers a suite of analytical services and statistical modeling to evaluate loan data. This includes our LeadR platform that can analyze 400+ data points related to each loan, coupled with more than 30 discrete “tests” - performed by highly-trained economists. Such analyses provide the necessary information for financial institution clients of all sizes to anticipate and/or address the regulators’ own regression analysis findings.

Proxy Data Analysis – The CFPB has aggressively pursued the purported disparate lending impact occurring among women and minorities in the retail auto lending space (a recent CFPB-targeted industry) and other consumer-lending arenas. Our teams have the experience and expertise to assess large volumes of data using geocoding proxy techniques applied by federal bank regulators, with the benefit of proactively identifying, analyzing and addressing potential disparate lending results before they become regulator findings.

Technology Services

Transaction “Look Back” Analysis Services – Our expertise in data modeling and statistics provides the basis for an efficient analysis of HMDA and CRA data transaction activity. Coupled with the experience of our forensic accountants, we are adept at performing statistical analyses that are viewed as credible by prudential regulators.

Transaction Assistance – Our professionals have both private and public sector experience and expertise in project management, vendor selection, system implementation, and system validation. Our experience includes assessing data integrity and data availability for transaction reporting and case management solutions.

Training Services

FTI Consulting staff includes former federal regulators that trained examiners in fair lending, with specific expertise in Federal Regulation B/ECOA. We can customize training agendas to meet client needs and deliver the highest quality training that fully meets or exceeds client and regulator expectations.

Bank Governance and Regulation - Service Capability Brochures

Specialized service capabilities are described in the following brochures.

- Anti-Money Laundering & Bank Secrecy Act
- Bank Board Training
- CFPB Consulting
- Credit Risk
- Due Diligence
- Expert Witness & Litigation Support
- Fair Lending and CRA
- Financial Risk
- Governance
- Regulation and Compliance
- Accounting & Financial Reporting
- Information Security Risk Management

Visit the FTI Consulting Bank Governance and Regulation website to download our brochures, articles and white papers:
<http://www.fticonsulting.com/industries/financial-institutions.aspx>



Thomas Rees
 +1 610 254 4042
 Thomas.Rees@fticonsulting.com

Stella Mendes
 +1 212 841 9363
 Stella.Mendes@fticonsulting.com

CRITICAL THINKING
 AT THE CRITICAL TIME™

About FTI Consulting

FTI Consulting is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

<http://www.fticonsulting.com>

©2015 FTI Consulting, Inc. All rights reserved.