



## **Regulatory Compliance Exam Nightmares Examiners Take Aim at Equal Credit Opportunity Act Violations**

By Michael A. Raskasky [mraskasky@grahamdunn.com](mailto:mraskasky@grahamdunn.com)  
December 5, 2003

As you are well aware, bank regulators have for many years conducted routine consumer compliance examinations. Recently, however, we have seen a dramatic increase in the number of criticisms by bank examiners for consumer compliance violations, particularly violations involving the Equal Credit Opportunity Act (“ECOA”), as implemented by Regulation B. Banks experiencing this first-hand have been subject to various regulatory sanctions, including board resolutions, administrative actions and threatened civil money penalties. Because of this increased emphasis on compliance, we strongly recommend that banks review their overall compliance programs and properly document their commitment to consumer compliance, in particular.

For those banks headquartered in Washington, the Washington State Department of Financial Institutions has recently released an Alert on ECOA compliance. The Alert recommends that banks review their internal compliance policies regarding Regulation B, and in particular, the spousal signature requirements. The Alert also refers to the FDIC’s Guidance on the Spousal Signature Provisions of Regulation B, which provides an overview of the general rules for obtaining spousal signatures. Very generally, the guidance takes the position that if a spouse applies for individual credit and qualifies under the bank’s underwriting standards, the bank cannot require the signature of the other spouse. Readers should note that there are numerous exceptions to this general rule, and that community property laws impose significant additional requirements. Consequently, you should direct specific



**Michael Raskasky** is a member of Graham & Dunn's Financial Services Industry Team. His practice focuses on operations and regulatory matters affecting banks and other financial institutions. He also has experience with mergers and acquisitions, regulatory interventions, new bank products and non-bank consumer lenders.

questions to legal counsel.

We have attached links to both the **Alert** ([http://www.dfi.wa.gov/banks/dob\\_alerts.htm](http://www.dfi.wa.gov/banks/dob_alerts.htm)) and the **Guidance** (<http://www.fdic.gov/news/news/financial/2002/filo209.html>) for your review.

We would welcome the opportunity to discuss these or any other compliance or operational issues with you. Remember, an ounce of prevention is worth a pound of cure.

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Please feel free to contact [Mike Raskasky](mailto:mraskasky@grahamdunn.com) ([mraskasky@grahamdunn.com](mailto:mraskasky@grahamdunn.com) or 206-340-9623) or [Steve Klein](mailto:sklein@grahamdunn.com) ([sklein@grahamdunn.com](mailto:sklein@grahamdunn.com) or 206-340-9648) if you should have any questions.

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