

[COMPANY]

■ **Fair Lending and Fair Housing** ■
POLICY MANUAL

SAMPLE

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FAIR LENDING AND FAIR HOUSING LAWS AND REGULATIONS

1. Introduction

[Company] is committed to achieving full compliance with all applicable federal fair lending laws and regulations and strives to maintain the highest standards of compliance. As such, [Company] establishes this policy in an effort to comply with all applicable fair lending laws and regulations and requires that all management, employees, and service providers follow the standards set forth in this policy.

1.1. Purpose

[Company] is required to comply with fair lending laws and regulations. For that reason, [Company] adopts this policy for the purpose of establishing minimum requirements and standards and to ensure compliance with federal housing and fair lending laws, regulations, and guidance. [Company] sets forth these standards in an effort to prevent [Company], its employees, and service providers from violating applicable federal laws and regulations related to housing-related lending activities. Fair lending laws are structured around the Fair Housing Act and the Equal Credit Opportunity Act (Regulation B), and the Home Mortgage Disclosure Act (Regulation C).

1.2. Scope and Application

Federal fair housing and fair lending laws are located primarily in the Fair Housing Act, the Equal Credit Opportunity Act (Regulation B), and the Home Mortgage Disclosure Act (Regulation C). This policy provides a brief explanation of those fair housing and fair lending laws and regulations and the specific requirements that apply to [Company]'s housing-related lending activities.

This policy applies to residential home loans, as well as any consumer or business transaction. In addition, the fair lending principals described in this policy apply to all business practices, whether purchase financing, refinancing, or servicing/collections.

The Fair Housing Act ("FHAct") prohibits discrimination in all aspects of "residential real-estate related transactions," including but not limited to:

- Making loans to buy, build, repair or improve a dwelling;
- Purchasing real estate loans;
- Selling, brokering, or appraising residential real estate; and
- Selling or renting a dwelling.

The FHAct prohibits discrimination based on:

- Race or color;
- National origin;
- Religion;
- Sex;

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- Familial status (defined as children under the age of 18 living with a parent or legal custodian, pregnant women, and people securing custody of children under 18); or
- Handicap.

Under the Equal Credit Opportunity Act (“ECOA”), it is unlawful for a lender to discriminate on a prohibited basis in any aspect of a credit transaction, and under both the ECOA and the FHAct, it is unlawful for a lender to discriminate on a prohibited basis in a residential real-estate-related transaction.

The ECOA prohibits discrimination based on:

- Race or color;
- Religion;
- National origin;
- Sex;
- Marital status;
- Age (provided the applicant has the capacity to contract);
- The applicant’s receipt of income derived from any public assistance program; or
- The applicant’s exercise, in good faith, of any right under the Consumer Credit Protection Act.

Because both the FHAct and the ECOA apply to mortgage lending, lenders may not discriminate in mortgage lending based on any of the prohibited factors on either of the above lists.

The Home Mortgage Disclosure Act (“HMDA”) requires financial institutions meeting certain reporting requirements to compile and disclose loan application data for home purchase loans, home improvement loans, and refinancings that they originate or purchase.

To the extent that state or local laws impose requirements that exceed those contained in this policy, the stricter law will apply. If any applicable laws are in conflict with this policy, [Company] will seek guidance from qualified legal counsel to resolve the conflict and to revise [Company]’s policies and procedures as necessary.

1.3. Annual Policy Review

The Compliance Officer and/or legal counsel will review this policy on an annual basis.

- Last Review Date: _____
- Next Review Date: _____

[Company]’s periodic review will consider the following:

- Compliance with current laws and regulations and any changes in such laws and regulations;