



FHLBank Fair Lending Baseline Compliance Review Module

The objective of this Fair Lending Baseline Compliance Review Module is to guide examiners in fair lending and fair housing (fair lending) compliance reviews of the Federal Home Loan Banks (FHLBanks). Division of Public Interest Examinations (DPIE) examiners conduct fair lending baseline compliance reviews to evaluate an FHLBank's fair lending compliance management system (CMS). Specifically, the module identifies issues to review and assess:

- Fair Lending Supervisory History
- Fair Lending Board and Management Oversight
- Fair Lending Policies and Procedures
- Fair Lending Training
- Fair Lending Monitoring and Internal Audit
- Fair Lending Data
- Fair Lending Third-Party Oversight

Examiners should consult with DPIE's Office of Consumer Protection (OCP) if they have questions about this module, the FHLBank's activities, or the legal, statutory, and regulatory fair lending framework. The module can be completed in whole or in part, and in any order, as determined by the Examination Team Lead.

Fair Lending Supervisory History

Describe the FHLBank’s fair lending supervisory history, including history of adverse fair lending findings identified in fair lending examinations. Coordinate with OCP and the Office of Policy and Data Oversight (PDO) to ensure the history is comprehensive.	
<p>A. Identify the following information about fair lending baseline compliance reviews or examinations for the past two years:</p> <ul style="list-style-type: none"> i. The date and scope of the compliance review or examination; ii. A description of any adverse findings identified; and iii. Any corrective actions required. 	
<p>B. Describe the FHLBank’s efforts to address these adverse findings. Review any documentation of FHFA review and analysis of adverse findings.</p> <ul style="list-style-type: none"> i. Did FHFA close the findings? ii. Did FHFA identify any concerns over the course of remediation? iii. Did the FHLBank timely submit remediation deliverables that were substantively complete? 	
<p>C. Describe any fair lending risks or violations self-identified by the FHLBank, as well as efforts taken to address them.</p> <ul style="list-style-type: none"> i. Did the FHLBank conduct a fair lending risk assessment as part of its regular risk assessment? If so, what residual risks were identified? ii. Did the FHLBank self-identify any other risks or violations outside of the risk assessment process? If so, did it fully correct these risks or violations, and did it inform FHFA of the risks or violations? 	
<p>D. If you have information about complaints alleging discrimination from any source, describe them here to the extent that they indicate heightened</p>	

<p>fair lending risk at the FHLBank. Also, describe any efforts taken by the FHLBank to address and respond to the complaints.</p>	
<p>E. Identify any recent private litigation related to fair lending, including any legal complaint or investigation, against the FHLBank and any other action that may reflect a heightened fair lending risk at the FHLBank.</p>	
<p>SUMMARY:</p>	

Fair Lending Board and Management Oversight

Describe and evaluate the FHLBank’s board and management oversight of the FHLBank’s fair lending compliance.	
<p>A. Does the FHLBank have a fair lending officer? If not, who is responsible for overseeing the FHLBank’s fair lending compliance on a day-to-day basis?</p> <ul style="list-style-type: none"> i. How many employees has the FHLBank dedicated to managing fair lending compliance? Do these employees have other responsibilities besides fair lending compliance? ii. How does the FHLBank manage fair lending risks in its individual lines of business? 	
<p>B. What is the process for the FHLBank’s board (or a designated committee of the board) and senior management to review and discuss fair lending issues and receive periodic updates on the FHLBank’s fair lending risks? Please describe the forum and frequency for these communications and updates.</p>	
<p>C. How complete and effective are the FHLBank’s processes for identifying and implementing new or revised regulatory requirements related to fair lending? How complete and effective are the FHLBank’s processes for fair lending review of new FHLBank policies and programs?</p>	
<p>SUMMARY: Draw preliminary conclusions as to whether board and senior management oversight presents heightened fair lending risk.</p>	

Fair Lending Policies and Procedures

Describe and evaluate the FHLBank's policies and procedures for fair lending risk.	
<p>A. Does the FHLBank have up-to-date fair lending policies and associated procedures? Do they cover the full life cycle of all FHLBank activities, including changes to activities since the last compliance review or examination? Please describe.</p>	
<p>B. Does the FHLBank review and approve its fair lending policies and procedures on a regular cadence? If so, please describe the nature and frequency of review and approval, and which area of the FHLBank manages the review and approval process. Also, include the most recent review and approval date of the fair lending policies and procedures.</p>	
<p>C. Does the FHLBank have individual business line policies and procedures that are related to fair lending risks? If so, please describe.</p>	
<p>D. Does the FHLBank review individual business line policies and procedures for fair lending compliance?</p> <ul style="list-style-type: none"> i. If so, are all business lines included in this review? ii. Please describe the most recent review, and include the approval date for the most recent review. 	
<p>E. Does the FHLBank offer or participate in any special purpose credit programs (SPCPs) under ECOA and Regulation B? If so, please describe and include all operative SPCP written plans.</p>	
<p>SUMMARY: Draw preliminary conclusions as to whether the FHLBank's fair lending policies and procedures present heightened fair lending risk.</p>	

Fair Lending Training

Describe and evaluate the FHLBank's fair lending training program.	
A. Please describe how the FHLBank ensures that employees are trained on fair lending risks.	
B. Please describe the FHLBank's fair lending training procedures, including answering the following questions: <ul style="list-style-type: none"> i. Which of the FHLBank's employees are required to receive fair lending training? ii. Is training tailored to the responsibilities of particular positions? iii. How frequently is training required? iv. Are any service providers required to receive training? 	
C. Do the FHLBank's board and senior management receive fair lending training? If so, please describe the training.	
D. How does the FHLBank provide fair lending training to its board, senior management, and other employees (in-person, online, etc.)?	
E. How does the FHLBank monitor and track fair lending training completion? Does the FHLBank communicate any training results or issues to the board and/or senior management? If so, please describe the forum and frequency of these communications.	
F. How often is fair lending training content reviewed and updated? Which area within the FHLBank is in charge of reviewing and updating the fair lending training content? <ul style="list-style-type: none"> i. Review training developed as a result of management commitments to address monitoring, audit, or examination findings 	

and recommendations or issues raised in any consumer complaints and inquiries.	
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SUMMARY: Draw preliminary conclusions as to whether the FHLBank's training program presents heightened fair lending risk.
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Fair Lending Monitoring and Internal Audit

Describe and evaluate the FHLBank’s fair lending monitoring and internal audit functions.	
<p>A. Describe the FHLBank’s fair lending monitoring program.</p> <p style="padding-left: 20px;">i. How does the FHLBank ensure that business transactions, processes, and models are periodically tested for fair lending risks and ensure fair lending compliance?</p>	
<p>B. How often does the FHLBank conduct fair lending-related monitoring? Please include recent and planned dates for fair lending-related monitoring.</p>	
<p>C. How does the FHLBank determine the frequency and focus of its fair lending monitoring?</p>	
<p>D. Does the FHLBank’s fair lending monitoring program include conducting self-tests or self-evaluations?¹</p> <p style="padding-left: 20px;">i. If it includes self-tests, describe the methodology used, scope of the tests, period covered, and dates they were conducted.</p> <p style="padding-left: 20px;">ii. Also, describe any self-evaluations.</p>	
<p>E. Does the FHLBank have guidelines or procedures for fair lending-related monitoring?</p> <p style="padding-left: 20px;">i. If so, please describe them.</p> <p style="padding-left: 20px;">ii. If not, how does the FHLBank ensure that fair lending-related monitoring is performed appropriately and consistently?</p>	
<p>F. Does the FHLBank conduct any statistical or other analyses as part of its fair lending</p>	

¹ For more information on self-evaluations and self-tests, please see AB 2024-07, FHLBank Fair Lending and Fair Housing Compliance Advisory Bulletin.

<p>monitoring process? If so, describe the extent of the analyses, including lines of business, products, or other areas that the FHLBank analyzes.</p>	
<p>G. If the FHLBank learns of fair lending violations or risks through its monitoring, does it take appropriate corrective actions or other steps to mitigate risk?</p> <ul style="list-style-type: none"> i. Describe results of the latest fair lending-related monitoring and any corrective actions taken. ii. Review FHLBank reports for indications of weaknesses, repeat violations of law, and resulting risks or harm to consumers and/or small entities. 	
<p>H. Does the FHLBank monitor third party decisions for potential fair lending risks or violations? Does it take appropriate corrective actions? Please describe.</p>	
<p>I. Has the FHLBank received complaints from consumers or small businesses related to fair lending? Does the FHLBank review complaints received by members related to its programs?</p> <ul style="list-style-type: none"> i. If so, review complaints received and describe them. ii. Describe the FHLBank’s policies, procedures, and monitoring related to fair lending complaints. 	
<p>J. Does the FHLBank provide periodic results of its fair lending monitoring and corrective action results to its board and/or senior management? If so, please describe the forum and frequency for such updates.</p>	
<p>K. How does the FHLBank incorporate fair lending risks into its internal compliance audit program?</p> <ul style="list-style-type: none"> i. Does the FHLBank conduct fair lending audits or contract with third parties to 	

<p>perform the audits on its behalf? Please describe.</p> <p>ii. If audits are performed by a third party, request and review the engagement letters or contracts with the third party during the review period.</p>	
<p>L. How often does the FHLBank conduct fair lending-related audits? Which of the FHLBank’s individual business lines are included? Please include recent and planned dates for fair lending-related audits, as well as the determined scope for the audits.</p>	
<p>M. How does the FHLBank determine the frequency and scope of fair lending-related audits?</p>	
<p>N. How does the FHLBank document any corrective actions taken as the result of fair lending-related audits?</p>	
<p>O. Does the FHLBank provide periodic results of its fair lending-related audits, and any resulting corrective actions, to the board, senior management, and/or appropriate business unit head(s)? If so, please describe the forum and frequency for such updates.</p>	
<p>P. Review the fair lending-related audits conducted during the review period, or the latest audit conducted prior to the review period. Please note the results of the audit and whether and how any risks, issues, or corrective actions were resolved.</p>	
<p>SUMMARY: Draw preliminary conclusions as to whether the FHLBank’s fair lending monitoring and/or audits present heightened fair lending risk.</p>	

Fair Lending Data

Describe and evaluate the FHLBank’s fair lending data collection and management.	
<p>A. Does the FHLBank collect any demographic data, such as race/ethnicity, sex, age, disability status, minority-, women-, and disabled-owned-business (MWDOB) designation, geographic or income data?</p> <ul style="list-style-type: none"> i. If so, describe the demographic data collected, including at a minimum, data fields and business line(s) and/or activities for which data is collected. ii. Describe how demographic data is collected from the primary lender. Describe also how the primary lender collects demographic data, if known.² iii. Describe the process of validating the accuracy of demographic data received, if known. 	
<p>B. If the FHLBank does not collect demographic data, how does the FHLBank conduct fair lending analysis? What data does it use (e.g., census tract demographic data, proxy methodology such as BISG)?</p>	
<p>C. How does the FHLBank structure and maintain demographic data?</p> <ul style="list-style-type: none"> i. Describe any policies or procedures governing demographic data structures and maintenance, including how the FHLBank maintains the confidentiality and controls accessibility of any PII. 	

² Many primary market lenders who are members would be subject to the demographic data collection and reporting requirements under Regulation C, 12 CFR Part 1003. Even primary market lenders who are not subject to Regulation C are usually subject to the data collection and maintenance requirements of Regulation B, 12 CFR 1002.13. The Uniform Residential Loan Application (URLA) commonly used by most single-family mortgage originators contains standard forms and fields for the collection of demographic information. Certain other program requirements may include the collection of demographic data.

D. How often does the FHLBank review its demographic data collection(s) and structure(s)? Please include recent and planned dates for demographic data collection and structure reviews.

i. How does the FHLBank determine the frequency of demographic data collection and structure reviews?

SUMMARY: Draw preliminary conclusions as to whether the FHLBank's fair lending data collection and management present heightened fair lending risk.

Fair Lending Third-Party Oversight

Describe and evaluate the FHLBank's third-party oversight for fair lending.	
A. Does the FHLBank have a third-party oversight program? If so, how are fair lending risks incorporated?	
B. Does the FHLBank rely on any third parties, including members and, where applicable, PFIs, for fair lending compliance? If so, please describe.	
C. Does the FHLBank use service providers to administer certain products or business lines that could pose fair lending risks? If so, please describe.	
SUMMARY: Draw preliminary conclusions as to whether fair lending third-party oversight presents heightened fair lending risk.	

Fair Lending Compliance Management System Summary [Optional]

Optional Fair Lending CMS Summary: Review the completed modules and summarize key points. Are there any FHLBank policies, procedures, activities, governance frameworks, or other components that present heightened fair lending risk? Have any matters been identified requiring escalation and triage assessment in DPIE? Consult with the FHFA Office of Consumer Protection, if needed.

PRELIMINARY CONCLUSION:

Appendix A: Fair Lending and Fair Housing Resources

Refer to the following fair lending and fair housing legal, statutory, regulatory, and examination guidance resources when conducting fair lending compliance reviews:

1. AB 2024-07: FHLBank Fair Lending and Fair Housing Compliance Advisory Bulletin
2. 12 CFR Part 1293: FHFA Regulation on Fair Lending Oversight and Equitable Housing Finance
3. FHFA Fair Lending Policy Statement
4. Office of Consumer Protection Examinations Operating Procedures Bulletin