|  | **Examination Procedures**  The following procedures are provided to facilitate an evaluation of an institution’s compliance with Regulation Z. Consistent with risk-based examination principles, examiners should add, delete, or modify procedures based on the particular circumstances of the institution. | **Y** | **N** |
| --- | --- | --- | --- |
| **1** | **Coordinate compliance examination activities with other members of the examination team and the examiner-in-charge (EIC). Emphasize identifying violations of law and regulation; integrate those findings with the examination; and conclude on management's compliance with laws and regulations.** |  |  |
| **Examiner Notes:** | | | |
| **2** | **Review and evaluate the adequacy of policies, procedures, and internal controls to ensure the identification of applicable applicants and compliance with the requirements of TILA and FRB Regulation Z.** |  |  |
| **Examiner Notes:** | | | |
| **3** | **Determine whether the loan folder includes, at a minimum, the TIL Disclosure Statement, contractual documents, loan commitment, settlement statement, and, when applicable, the Right to Rescind/Cancel.** |  |  |
| **Examiner Notes:** | | | |
| **4** | **Determine whether the required disclosures were provided to the applicants/borrowers and if the disclosures were timely.** |  |  |
| **Examiner Notes:** | | | |
| **5** | **Determine whether the information provided in the disclosures was accurate, verify that the basic data is the same as other loan information and contractual documents, and the annual percentage rate. Compute amounts should be independently verified.** |  |  |
| **Examiner Notes:** | | | |
| **6** | **If the loan was a residential mortgage loan subject to RESPA and early disclosures were required, determine whether the good faith estimates of the required disclosures were furnished within 3 business days of receipt of the application.** |  |  |
| **Examiner Notes:** | | | |
|  |  | **Y** | **N** |
| **7** | **If re-disclosure was required, determine whether it was made prior to the consummation of the transaction.** |  |  |
| **Examiner Notes:** | | | |
| **8** | **If the right of rescission was applicable, determine whether the disclosures and a rescission notice were provided to each party with a right to rescind the transaction and whether the funds were not disbursed prior to the expiration of the rescission period unless a valid waiver of the right to rescind was obtained.** |  |  |
| **Examiner Notes:** | | | |
| **9** | **If the right of rescission was waived, determine whether it was properly documented by a dated statement describing the personal financial emergency justifying the waiver. Note: Printed forms are not acceptable.**  **NOTE: Testing of compliance with TIL on rejected applications is applicable only to rejected applications that were also subject to RESPA and should be done in the review of rejected applications for compliance with RESPA.** |  |  |
| **Examiner Notes:** | | | |
| **10** | **Determine whether the institution is adequately complying with FRB Regulation Z. If not, ascertain whether the conclusion of noncompliance is supported by adequate documentation of the specific noncompliance.** |  |  |
| **Examiner Notes:** | | | |
| **11** | **Discuss items of concern, scope of work performed, and conclusions with the EIC.** |  |  |
| **Examiner Notes:** | | | |
| **12** | **Organize and compile, if necessary, violations of law and regulation into a Violation Summary Sheet.** |  |  |
| **Examiner Notes:** | | | |

**Flow Chart 2 - Truth-in-Lending Right of Rescission**

Truth-in-Lending

Right of Rescission

