

YOUR MONTHLY COMPLIANCE NEWSLETTER



FINDINGS FROM OUR CONSULTING WORK

In this section of our newsletter, we often discuss common issues we have been finding in our audit work. This month we want to talk about RSSD numbers. What is it? The long name is the Research, Statistics, Supervision, and Discount number. These numbers are used for tracking institution's characteristics, ownership structures, and date reporting to agencies like the FFIEC.

A specific RSSD number is assigned to each physical branch location. That means that every physical branch has its own number, and you often use this number in the BSA/AML world when filling out forms like a Currency Transaction Report (CTR)

or Suspicious Activity Report (SAR).

We conduct dozens of BSA audits every year for our clients, and this is one of the most common errors we see – listing the wrong RSSD number on these reports. What are the RSSD number issues that we find? There are a couple.

In later sections of CTRs and SARs, it asks for branch specific information and the branch RSSD number. We often see the branch physical address listed in this section, but the main location RSSD number is used. Sometimes the wrong branch RSSD number is used.

See FINDINGS page 2

CONSUMER COMPLIANCE OUTLOOK IS AVAILABLE

If you are not aware, the Federal Reserve releases quarterly editions of a great compliance resource. It's filled with useful information to help compliance professionals from any regulator. You can find the latest issue and get notified when new ones become available [HERE](#).



FDIC MAKES UPDATES TO THE CONSUMER COMPLIANCE EXAMINATION MANUAL

The FDIC makes available their compliance examination manual to the public. Even

if you are not primarily regulated by the FDIC, this is a great reference tool for compliance professionals.

They have made recent updates to the manual, most notably removing disparate impact from the manual. We discussed this in last month's newsletter. To find the examination manual, click [HERE](#).

FINDINGS

Continued from page 1

Another common error and something most people don't know is when a branch moves, a new RSSD number is assigned. In other words, you can close a branch and move it 5 blocks away, and there will be a new RSSD number for that branch. That means you need to update it in your systems and train employees that are filling out reports. We had one client who moved branches 11 years ago, and no auditor or examiner ever found out about the issue. They were using an old RSSD number for over a decade before our team found it.

What can you do to prevent this? Check your templates and your AML software to match up the number you are using with what you are supposed to be using. You can look up all of your RSSD numbers on the FFIEC website: <https://www.ffiec.gov/NPW>

If any templates are wrong, update them and train your staff. Lastly, the RSSD number is optional, but if you add the information, it needs to be accurate. Having this wrong shows that you have a potential systemic problem with your BSA program. Make sure you get this right, and you have one less thing to worry about in your next BSA audit or exam.

FREE FAIR LENDING TRAINING WEBINAR

If you missed our free webinar a few weeks back, the recording is available. Dana Ginsburg from ComplianceTech hosted author Josh Silver and our own Tory Haggerty to discuss CRA and Fair Lending issues within our industry. There was a 60-minute presentation followed by a 30-minute live Q&A. If you want to view the webinar, you can find the video [HERE](#).

YOUR MONTHLY FAIR LENDING CORNER NEWSLETTER



FAIR LENDING INTERVIEWS

Check out our monthly fair lending short video first and then come back here for some additional thoughts.

[Fair Lending Interviews | Tuscan Club University](#)

The topic of this month's fair lending newsletter is fair lending interviews. These are some of the simplest parts of a fair lending review, but often the most revealing.

First of all, what really is a fair lending interview? It's you sitting down with a lender and asking basic questions on how they do their jobs. How do you underwrite loans? Do we have minimum credit score requirements, and if so, what are they? What is the process for getting a policy exception approved? How do you set interest rates?

The whole point is to ensure lenders know and understand policy. Of course, you need to know and understand policy prior to the interview, so there is some homework to do. You should read all of your lending and fair lending related policies, procedures, and know these processes. The answers the lenders give you should match what you have learned.

Fair lending interviews can also help you get to the root cause of problems you find in data. One example is we found a major pricing issue

with a client because certain lenders never asked for rate exceptions, leading to higher rates on average for their customers. Another example was HMDA data collection issues. A bank's data showed they didn't collect demographic data for 30 percent of applicants, and lenders expressed issues with their process on how that information is collected. We confirmed a breakdown in the process through that interview.

One final tip – if you can avoid it, don't let the lender's supervisor sit in on the interviews. You want open and honest communication, and the environment needs to be set up for it. If management insists on someone sitting in on the interview, there could be some major trust issues within your organization, and that's a whole new dynamic to navigate.

I know they can seem a bit odd or intimidating at first but give it a shot. Most fair lending interviews are super boring, and that's what you want! But when they get interesting, that's when you learn the most.

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- One Annual fee gets all of your people in the group (Pricing starts at \$800/organization)
- We submit all meetings for 2.5 hours of CRCM credit (earn up to 10 CPE hours every year)
- We focus on different fair lending training topics at each meeting
- Ask our experts your fair lending questions
- Keep updated on changes in regulations and the latest guidance
- Share fair lending exam and audit findings so you stay ahead on what the regulators are seeing
- All meetings are recorded if you miss the live broadcast



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