



**CONFERENCE OF STATE BANK SUPERVISORS
&
NATIONAL ASSOCIATION OF STATE CREDIT UNION SUPERVISORS
&
AMERICAN ASSOCIATION OF
RESIDENTIAL MORTGAGE REGULATORS**

**JOINT BANK, MORTGAGE & CREDIT UNION
ACCREDITATION PROGRAMS**

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THE NASCUS/CSBS BANK, CREDIT UNION & MORTGAGE ACCREDITATION PROGRAMS

GENERAL INSTRUCTIONS FOR COMPLETION OF THE SELF EVALUATION QUESTIONNAIRE

NOTE: For a summary of the bank, mortgage and credit union accreditation programs please refer to the separate program summaries on the CSBS and NASCUS websites.

INSTRUCTIONS FOR RATING OF QUESTIONS

Self-Evaluation Questionnaire: Content and Procedures

Most questions in the Self-Evaluation Questionnaire begin by asking the agency to "describe" its approach to, experience in and/or handling of that aspect of the regulatory program. The agency then chooses a rating of 1 to 5, as follows:

<u>Rating</u>	<u>Narrative Description</u>
5	Excellent: Strength obvious and no significant weaknesses perceived.
4	Good: Strong, only minor improvements could be made.
3	Average: Some improvements needed.
2	Substandard: Definite improvements are needed.
1	Poor: Not Acceptable/Function not performed.

After choosing a rating and calculating the score for the criterion, the agency states the basis for that rating, including documentation where appropriate. (Please note: when asked to provide documentation of a specific nature, the specific documentation requested should be considered a minimum. It may be necessary to provide additional documentation). This description may range from a few sentences to a page or more. Generally, low-valued criteria require less description.

The criteria have values ranging from 1 to 50, with the higher values being most important. The agency multiplies the value by its own rating to calculate the score for that criterion, and then adds the scores for all the criteria in a section to compile the section score.

The Review Team also evaluates and scores the Self-Evaluation Questionnaire during its visitation.

NOTE FOR SCORING: When the Best Practice states "must", the agency will be required to fully comply with the Best Practice to obtain the highest rating. If the Best Practice states "should", the Review Team is given greater discretion in determining if the agency has earned the highest rating.

SECTION I - AGENCY ADMINISTRATION AND FINANCE

Purpose -This section evaluates the administration of the state bank, credit union and mortgage regulatory agency and the financing of the agency's operations. Questions begin with the broad issues of agency mission and goals and then address specific areas, such as formal procedures in rule-making, communication with other regulators and adequacy of support personnel. Questions on financing address the funding mechanism for the agency and the adequacy of the budget to enable the agency to: (1) meet its supervisory requirement to include chartering and licensing, examinations and investigations; (2) provide adequate computer equipment; (3) monitor the agency budget and (4) influence its budget allocation.

Narrative Material for the Section -The Accreditation Programs do not require or endorse a standard management style. Instead, the narrative sections allow the agency to explain the agency's organization and to demonstrate the effectiveness of the agency's management. Similarly, the Accreditation Program does not endorse a particular funding mechanism. States that finance their operations entirely from assessments or fees on the regulated entities insulate themselves from the uncertainties of the legislative process. However, other funding mechanisms can be defended as adequate for a particular state.

I. Agency Administration and Finance			
A. Mission Statement and Strategic Plan			
Describe the agency's mission statement and strategic plan with most recent date of review. Who is involved in the plan development? How are the finalized items communicated to the agency's employees? Who within the agency is assigned responsibility for completion of strategic actions and what is the time frame for completion? Provide documentation for actions met and state reasons for not meeting goals. Who would assume the duties of the commissioner if he was incapacitated? Has a Business Continuity and Leadership Succession Plan been developed?			
Agency Response:			
BEST PRACTICE: The agency must have a mission statement and a strategic plan with measurable goals and assigned accountability. The strategic plan must be reviewed and adjusted at least annually. The agency must meet or be in process of meeting the desired goals as stated in the plan.			
Agency's Rating		Value	Rating
		5	
			Score

I. Agency Administration and Finance			
B. Organizational Chart			
Provide a copy of the agency's organizational chart (include any agency boards if applicable.) Does the chart demonstrate clear accountability for significant functions such as examination, finance, personnel, training and legislation? Are the lines of supervision clearly defined and compatible with job descriptions? Note: Job descriptions are discussed in the Personnel Section of the Self-Evaluation Questionnaire.			
Agency Response:			
BEST PRACTICE: The agency must have an up-to-date organizational chart indicating direct lines of responsibility that correspond to supervisory roles and job descriptions.			
Agency's Rating	Value	Rating	Score
	5		

I. Agency Administration and Finance			
C. Internal Communication / Internal Staff Meetings			
Describe the agency's system and frequency of holding periodic staff meetings either state-wide, by region, or through systematic visitation, to keep professional staff informed of administrative matters, provide legislative and regulatory updates, and provide a forum for the exchange of ideas.			
Agency Response:			
BEST PRACTICE: The agency should facilitate a conference with all professional staff at one location at least annually with input from field examiners as to topics and items to be covered. If the state is large enough for districts, district meetings should be held at least quarterly. If a smaller agency, meetings with all examiners should be held at least quarterly.			
Agency's Rating	Value	Rating	Score
	7		

I. Agency Administration and Finance			
D. Communication with Federal Regulators			
Describe the process of the agency's communication with applicable federal regulators. How does the communication affect the scheduling of examinations, participation in examinations (including visitations and specialty examinations), sharing of information, conducting exit meetings and enforcement actions?			
Agency Response:			
<p>BEST PRACTICE: The agency should have a designated contact and meet with federal regulators at least annually. Sharing of information should include all applicable types of examinations performed.</p> <p>NOTE: Compliance with signed agreements with federal regulators is covered under the Examination Section of the Questionnaire.</p>			
Agency's Rating	Value	Rating	Score
	7		

I. Agency Administration and Finance			
E. Communication with Other State Regulatory Agencies			
Describe the process of the agency's communication with the other state regulatory agencies. How does the communication affect the scheduling of examinations, participation in examinations (safety and soundness and specialty examinations), sharing of information, exit conferences and enforcement actions.			
Agency Response:			
BEST PRACTICE: The agency should have written agreements with all host or home states regarding interstate regulation of financial institutions. The agency should also coordinate with other states at least annually and provide periodic updates on the condition of financial institutions involved in interstate activities.			
Agency's Rating	Value	Rating	Score
	7		

I. Agency Administration and Finance			
F. Communication with Industry Trade Associations			
Describe and evaluate the nature, purpose and effectiveness of the agency's communication with the bank, credit union and/or mortgage trade associations.			
Agency Response:			
BEST PRACTICE: Agency senior personnel should attend meetings of all relevant associations in their state. Proposed legislation should be discussed with trade associations in the state to clarify issues.			
	Agency's Rating	Value	Rating
		2	Score

I. Agency Administration and Finance			
G. Consumer Education / Financial Literacy			
Does the agency provide or participate in consumer education or financial literacy training to consumers?			
Agency Response:			
<p>BEST PRACTICE: The agency should provide (or participate in) consumer education or financial literacy training to consumers. Documentation of active participation must be maintained.</p> <p>NOTE: If the regulatory agencies are part of a larger Agency and the Agency provides consumer education or financial literacy training that will qualify as long as documentation of training provided is included as an attachment.</p>			
Agency's Rating	Value	Rating	Score
	3		

I. Agency Administration and Finance			
H. Promulgation of Rules and Regulations			
Briefly describe the agency's formal procedures for promulgating rules and regulations including time frames and emergency procedures.			
Agency Response:			
BEST PRACTICE: Procedures for promulgation of agency rules and regulations must follow the administrative procedures act as prescribed by state law unless the agency is specifically exempt from such an act. "Emergency procedures" must be provided.			
Agency's Rating		Value	Rating
		4	
			Score

I. Agency Administration and Finance			
I. Access to Legal Assistance			
Describe the agency's direct and/or indirect access to legal assistance, advice and support.			
Agency Response:			
BEST PRACTICE: The agency must have an attorney on staff or a consistently assigned attorney, with appropriate expertise, from the Attorney General's Office to represent the agency if required by state law. The department should also have the ability to hire outside counsel when necessary.			
	Agency's Rating	Value	Rating
		7	
			Score

I. Agency Administration and Finance			
J. Agency Facilities			
Describe the agency's physical facilities. Provide a copy of the agency's emergency preparedness procedures, including the security and fire protection of the office and confidential files.			
Agency Response:			
<p>BEST PRACTICE: All agency offices must have either keyed or coded entry and meet the following qualifications:</p> <ol style="list-style-type: none"> 1. Confidential files must be locked and access controlled. 2. There must be a procedure for maintaining control of confidential files and security when not in locked area. 3. Space should be adequate to accommodate all examiners as needed. 4. All facilities must have adequate fire safety, including sprinklers, and evacuation procedures. 			
Agency's Rating	Value	Rating	Score
	5		

I. Agency Administration and Finance

K. Internal Computer Capabilities, Disaster Recovery / Preparedness

Describe the use and evaluate the adequacy of the agency's computer system, including central office computers (i.e., LAN system, E-mail, etc.), number of computers for field examination staff, anticipated replacement and/or upgrade of computers, backup and disaster recovery plans (including those for field computers).

Agency Response:

Agency Best Practice: The agency's computer system must be adequate to provide the necessary tools for regulation of financial institutions and must be compatible with the programs necessary to perform examinations. A written policy on information technology (IT) must be adopted and include the following:

1. Computers must be replaced at least every three years unless justified for longer period.
2. Computer systems must have adequate firewalls, virus protection, and intrusion detection.
3. Secure transmission of data.
4. Agency must have adequate off-site backup and a disaster recovery plan that is tested at least annually.

Examination Best Practice: The Agency's written IT Policy which is policed through periodic spot checks for adherence to the policy must also address:

1. Practices for proper daily backup of examination data such as a network connection, agency issued encrypted external device or a system offering comparable protection.
2. Each examiner must have their own computer and own email address with access to the internet.
3. Limits for retaining examination data on field laptops.

Agency's Ratings	Value	Rating	Score
Items 1-4 under "Agency Best Practice"	4		
Item 1) under "Examination Best Practice"	1		
Item 2) under "Examination Best Practice"	1		
Item 3) under "Examination Best Practice"	1		

I. Agency Administration and Finance			
L. Budget Revenue Source / Contingency Plan			
Describe the agency's revenue source(s). Note the amount of total funds obtained as of the most recent FY End from:			
assessments on the assets of the providers supervised		\$	
fees charged per residential mortgage documentation filed		\$	
fees for examinations		\$	
state general revenue funds*, and		\$	
application/licensing fees		\$	
other sources (_____)		\$	
Total		\$	
* This question involves income generated by the agency when income goes direct to the state with no separate designated or operating fund for the agency.			
		Yes	No
Is the organizational unit responsible for bank regulation self-supporting?			
Is the organizational unit responsible for mortgage regulation self-supporting?			
Is the organizational unit responsible for credit union regulation self-supporting?			
Considering possible future changes in the industries regulated, describe the agency's contingency plans. State the basis for the rating and provide documentation if applicable.			
Agency Response:			
BEST PRACTICE: Each regulatory agency must be self-supporting. Income generated from each industry's regulatory program must support costs attributed to the supervision of that program. Agency must have a contingency plan (separate fund, cash balance or proven ability to increase revenue) to cover at least 3 months' worth of expenses.			
Agency's Rating	Value	Rating	Score
	12		

I. Agency Administration and Finance

M. Budget Expenses / Supplemental Budgets

Describe the process of preparing the agency budget, including the procedure for reviewing monthly or periodic budget reports and making appropriate changes.
To what extent do supervisors and/or managers with income and/or expense responsibilities contribute to the preparation process?

Evaluate the adequacy of the existing budget to 1) examine and supervise all state regulated entities in accordance with frequency guidelines, and 2) operate the regulatory agency.

Note: The adequacy of salaries and benefits and adequacy of training funds is covered elsewhere in the questionnaire. State the basis for the rating and include documentation if appropriate.

Agency Response:

BEST PRACTICE: Input into budget process must include all individuals who will be responsible for monetary controls of portions of the budget. Budget versus actual expenses must be reviewed monthly and reported to senior management. The agency must have sufficient funds to operate and to examine all regulated entities in poor economic times, as well as during times of good economy, including the ability to hire additional examiners, if necessary.

	Value	Rating	Score
Agency's Rating	12		

**SECTION I
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION I	Agency Administration and Finance	415		

Note: Enter data on the [Bank Final Score Sheet, Credit Union Final Score Sheet,](#) and the [Mortgage Final Score Sheet.](#)

SECTION II - PERSONNEL

Purpose - This section evaluates various aspects of the "people" side of the agency. The criteria assume that a superior agency provides a clear, adequate and consistent set of rules for the treatment of employees. Some of the criteria address the documents related to personnel policy, e.g., policy manuals and job descriptions. Other criteria address retention of professional staff.

II. Personnel			
A. Personnel Manual			
Describe the agency's Personnel Manual in terms of completeness, relevancy of material, and maintenance procedures.			
Agency Response:			
BEST PRACTICE: The agency must have an approved Personnel Manual. The Manual should be reviewed at least annually and should include department specific procedures regarding hours, travel, per diem, etc. The Manual must be available to all employees either in hard copy or electronically and should be reviewed with employees periodically as needed.			
Agency's Rating		Value	Rating
		4	
			Score

II. Personnel			
B. Job Descriptions			
<p>Describe the agency's written job descriptions and their frequency of revision.</p> <ol style="list-style-type: none"> a. State the basis for the rating and have documentation available on-site, including copies of the job descriptions for those positions directly involved in the examination, regulation and supervision of regulated entities available on-site. b. Indicate which positions, if any, are union and/or civil service positions. Detail which positions are appointments, who appoints, and if confirmation is required. 			
Agency Response:			
<p>BEST PRACTICE: All positions must have job descriptions which describe duties performed and should be up-to-date, and reviewed at least annually. The job descriptions should include positions that the individual supervises, state the name or position of that individual's supervisor, and should correspond to the organizational chart.</p>			
Agency's Rating	Value	Rating	Score
	5		

II. Personnel					
C. Hiring Policies					
Describe the personnel hiring policies and recruiting procedures to allow employment of the type and number of personnel needed for examination, regulation and supervision. Detail any groups which are given preferential treatment, such as veterans.					
Agency Response:					
<p>BEST PRACTICE: Although most States have an agency which provides hiring and recruiting duties for the entire State Government, supervisors from the agency must be included in the selection process in some way. The immediate supervisor must participate in the hiring interview for individuals whom they will directly supervise and have acceptable training in conducting hiring interviews. The agency should have the ability to recruit through optional sources, such as college job fairs.</p>					
		Agency's Rating	Value	Rating	Score
			5		

II. Personnel

D. Promotional Opportunities / Pay for Performance

Describe the ability of your agency's organizational structure to provide a career path that will enable the department to hire and retain qualified personnel for a reasonable time. Provide documentation that includes the salary ranges and any pay for performance incentives of those positions directly involved in the examination, regulation and supervision.

Agency Response:

BEST PRACTICE: In order to provide an examiner career path with adequate advancement opportunity, the agency must have at least three levels of field mortgage examination staff and at least four levels of field bank or credit union examination staff with three of those levels not limited in the number of positions. If pay for performance incentives are available, funds should be sufficient to pay merit increases for above average performance of examiners. In small agencies where the career path is limited because of the size of staff, efforts should be made to develop specialized experts, thereby expanding the career path professionally if not vertically.

	Value	Rating	Score
Agency's Rating	6		

II. Personnel					
E. Performance Appraisal Process					
Describe the performance appraisal and review process used by the agency, including the process for new-hires, trainees in new positions, and experienced staff. Provide documentation that includes sample forms/checklists used in the evaluation process.					
Agency Response:					
<p>BEST PRACTICE: Performance appraisals should not only include an evaluation of the employee’s performance over a definitive timeframe but should provide a plan for the next timeframe with set goals agreed to by the employee and supervisor. All employees must have at least one annual review with more frequent evaluations for new hires and persons recently promoted to a new position. All reviews should be conducted in person and signed by the employee and supervisor. Reviewers should avoid template style language in their comments and should emphasize individual strengths and weaknesses.</p>					
		Agency’s Rating	Value	Rating	Score
			5		

II. Personnel			
F. Adequacy of Salaries and Benefits			
<p>Describe and evaluate the adequacy of the agency's salaries and benefits, particularly as it affects the agency's ability to hire and retain well-qualified employees for a reasonable time.</p> <ol style="list-style-type: none"> a. State the basis for the rating and provide documentation that includes the salary ranges and comparisons with contiguous states' examiners and comparable federal examiners who provide regulation and supervision of examiners. b. State the turnover ratios for examiners for the previous three years. Provide the reasons for leaving based on exit interviews. 			
Agency Response:			
<p>BEST PRACTICE: The agency's Employee Compensation Program for supervision & examination staff must be adequate to hire and retain well-qualified employees. The Program at a minimum should address salary, benefits, and expense reimbursements. The program should contain provisions which require that periodic compensation studies be conducted to assure that employee compensation remains competitive. Such periodic studies should document the competition's compensation structure, including data from similar agencies in contiguous states and federal agencies operating in its employee market.</p>			
Agency's Rating	Value	Rating	Score
	8		

**SECTION II
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION II	Personnel	165		

Note: Enter data on the [Bank Final Score Sheet, Credit Union Final Score Sheet,](#) and the [Mortgage Final Score Sheet.](#)

SECTION III - TRAINING

Purpose - This section evaluates those steps an agency takes to improve personnel skills over time. This section does not require any one method of training. Instead, it examines the effectiveness of an agency's chosen method to train its staff. On-the-job training, formal classroom instruction and seminars can singly or jointly comprise an adequate training program. Whatever the mix, the program should maintain high quality staff and be carried out on a routine basis.

Narrative Material for the Section - The narratives for this section provide opportunities to describe special efforts in the training and education areas, especially where local conditions require specific areas of expertise (e.g., agricultural lending, business loans). Quantitative measures of formal education completed by staff can be included, even though the number of classroom hours or courses completed may not, by themselves, identify an effective training program.

Rating and Documentation - Once you have assigned a numerical rating, provide specific justification for the numerical rating assigned and include documentation if appropriate. Especially helpful in this section would be inclusion of *agency-generated* training manuals, training exercises, the agendas of agency-run training programs, etc. Please document statements of fact regarding quantitative measures of staff training (include a copy of your overall or annual training scheme).

III. Training			
A. Training Coordinator / Evaluations			
Describe how the Agency assigns overall formal training responsibility (whether it is assigned to a selected individual or individuals) and evaluate the effectiveness of that assignment. State the basis for the rating and include documentation if appropriate. Note: On-the-job training is addressed in another section.			
Agency Response:			
BEST PRACTICE: The responsibility for oversight of formal training should be assigned to one individual who maintains a database of training per examiner. The effectiveness of formal training should be evaluated in writing by the participant within a set timeframe following attendance at the class for internal use within the Agency.			
Agency's Rating	Value	Rating	Score
	5		

III. Training					
B. Policy on Examiner Training					
Describe the Agency's written policy on examiner training. How is the policy's effectiveness evaluated? Include a copy of the written training policy and a list of the core and advanced schools used (i.e., CSBS, NASCUS, AARMR, state, federal or other schools and seminars).					
Agency Response:					
<p>BEST PRACTICE: The Agency must have a written training policy as follows:</p> <ol style="list-style-type: none"> 1. The policy must include a listing of core classes for each level and type of examiner. 2. The policy must include support for an examiner to achieve and maintain a definite career path. 3. The policy must be reviewed annually. 4. The policy must allow examiners the ability to request training that will be subject to a supervisor's approval and budgetary constraints. 5. The training goal must be for each examiner to have, at a minimum, "outside classes" with at least 28 hours of instruction annually. Exceptions should be documented. 					
		Agency's Rating	Value	Rating	Score
			5		

III. Training			
C. Training Manual(s)			
Describe the Agency's training manual(s) in terms of completeness, relevance and maintenance procedures. How does the manual address issues specific to your state? Include a list of the manuals used.			
Agency Response:			
BEST PRACTICE: The Agency must have a written training manual. Federal manuals may be used; however, the Agency must have some type of written "state specific" procedures for examination. The Training Manual may include OJT duties as noted in item D.			
	Agency's Rating	Value	Rating
		5	
			Score

III. Training			
D. On-The-Job Training			
Describe the Agency's use of on-the-job training. Include a description of who is responsible for providing the training (i.e., mentor) and evaluation procedures. Provide documentation that includes the forms or checklists used in evaluating the completeness and effectiveness of the training.			
Agency Response:			
<p>BEST PRACTICE: The Agency must have an approved OJT Manual (if not included in training manual).</p> <ol style="list-style-type: none"> 1. The Manual should include a listing of duties to be performed by the trainee with recommended timeframes and a listing of reading material for reference by topic. 2. The OJT Manual must address the following areas: operations, credit, and EIC along with specialty areas as applicable. 3. OJT procedures should include the use of an assigned coach for examiners as they are assigned to new areas of training. 4. Written evaluation of trainee should be performed at the conclusion of each job while in training status. Use of a training checklist ensures that the trainee has become proficient in all areas and provides consistency in training new hires and newly promoted examiners. 			
Agency's Rating			Value
			8
		Rating	Score

III. Training			
E. Training on Emerging Issues			
Describe the department's method for providing continuing education on emerging issues such as white collar crime, IS&T, ALM, Cyber Security, etc.			
Agency Response:			
BEST PRACTICE: The Agency must provide education on emerging issues. Education on emerging issues may include outside schools and/or internal training.			
	Agency's Rating	Value	Rating
		6	
			Score

III. Training			
F. Exit Interview Training			
Describe and evaluate the methods used by the Agency to train examiners to conduct examination exit meetings.			
Agency Response:			
<p>BEST PRACTICE: The Agency must provide training for conducting exit meetings. This may take the form of outside schools or internal training including audio and/or visual presentations. Training should also include attendance at such meetings and presentation of various portions of the examination findings prior to taking the lead in conducting the exit meeting.</p>			
	Agency's Rating	Value	Rating
		6	
			Score

III. Training			
G. Support of External Academic Training			
Describe the Agency's policy (i.e., tuition reimbursement and/or leave policies) for external academic training programs. Include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The Department must have a policy on advanced/academic training which reimburses tuition and allows flexibility of time to attend classes. This includes full-time college classes and graduate banking/trust schools. To demonstrate encouragement, there should be continuous attendance in this type of training if there are eligible examiners.			
Agency's Rating		Value	Rating
		4	
			Score

III. Training			
H. Adequacy of Training Funds			
Describe, in detail, the Agency's training budget and expenditures. What percentage of the total budget is allocated to or expensed for training? Is the training budget adequate to satisfy the training needs of the department? Provide documentation that includes summary training budget information (three-year history and one year projection of budget and actual expenditures).			
Agency Response:			
BEST PRACTICE: The training expenditures should be at least 2% of total agency expenditures. The dollar amounts for training should only include expenses for materials, registration, and travel. Variations from the 2% must be supported in writing and will be evaluated by the Review Team on-site.			
	Agency's Rating	Value 10	Rating
			Score

**SECTION III
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION III	Training	245		

Note: Enter data on the [Bank Final Score Sheet, Credit Union Final Score Sheet](#), and the [Mortgage Final Score Sheet](#).

BANK ONLY SECTION IV - EXAMINATION

Purpose - This section and the following section ("Supervision") cover those areas that the public most widely perceives as the main and most important activities of a state banking agency. In addition, before accepting the work product of a state banking agency, federal agencies require some assurance as to the quality of that work product. Therefore, these sections raise numerous questions regarding work product and the agency's ability to carry on a consistently competent program of regulation, examination and supervision.

Narrative Material for the Section - These narratives lend themselves to both qualitative and quantitative measurements of agency's ability to examine state-chartered banks completely and adequately. Please specifically address these criteria, giving a justification for the rating chosen and, where the rating is "3" or below, the agency action being taken to improve the situation.

Removal of Non-applicable Questions - There is one criterion (IV.b.4 International) that may not be applicable to all state banking agencies. Criterion IV.b.4 regarding an agency's ability to examine international banking institutions may be judged to be not applicable (i.e., there are no international banking operations in the state). In the case where the criterion is not applicable, an explanation as to why it is not applicable is required. If the Review Team finds the criterion to be applicable, then it will assign a rating to the criterion (which may or may not affect the total percentage score). Judging IV.b.4 to be not applicable will require the Examination Max Base Score to be revised downward (please see Revised Max Score note on Bank Only Section IV score sheet).

IV-a. Examination Policies and Procedures - BANK

A. Examination Frequency Policy/Ability to Meet Policy

Describe the statutory requirement, agency policy and actual frequency of state-chartered bank, non-depository trust company and specialty examinations of IT, bank holding companies and international if applicable. Also include the policy on conducting exit meetings and requirements for board meetings following an examination. Evaluate the agency's ability to meet the statutory and agency policies. State the basis for the rating and provide documentation that includes examination types, i.e. banks, independent trust companies, IT servicers, etc., and frequency of examinations for the last three years by examination type.

Agency Response:

BEST PRACTICE: The Agency written policy on examinations should state that each financial institution must be examined at least every 18 months for “1” and “2” composite rated banks and minimum of 12 months for all others and large banking organizations with visits as necessary for both safety and soundness and specialty examinations. The frequency policy must be met. The Agency must conduct some form of exit meeting at each examination and require a Board meeting for all “3”, “4”, and “5” rated institutions. If there is not an adequate surveillance system for non-depository trust companies, they must be examined annually.

Agency’s Rating	Value	Rating	Score
	5		

IV-a. Examination Policies and Procedures - BANK			
B. Agreements with Federal Regulators			
Has the Agency entered into any cooperative/alternating or information sharing agreements with federal regulatory agencies? If agreements have been signed evaluate the Agency's compliance with the agreements and the effectiveness of the procedures. State the basis for the rating and include documentation if appropriate. If all examinations are performed jointly, please state the reasons why alternating examinations are not performed.			
Agency Response:			
BEST PRACTICE: The Agency must have signed alternating examination agreements with their Federal counterparts and comply with said agreements. The Agency Examiners must be the alternating Lead examiner or processor on joint examinations with Federal agencies. If all examinations are performed jointly, the reasoning will be assessed on a case-by-case basis.			
	Agency's Rating	Value	Rating
		5	
			Score

IV-a. Examination Policies and Procedures - BANK			
C. Interstate Banking Policy/Procedures			
Has the Agency signed the following agreements?	Yes	No	N/A
a. Nationwide Cooperative Agreement			
b. Nationwide State/Federal Supervisory Agreement			
c. Nationwide Foreign Banking Organization Supervision and Examination Coordination Agreement			
d. Nationwide State/Federal Foreign Banking Organization Supervision and Examination Coordination Agreement			
e. Nationwide Agreement for Supervision and Examination of Multi-State Trust Operations			
f. Memorandum of Understanding with the Consumer Financial Protection Bureau			
g. FinCEN Agreement			
h. List any other state agreements (regional or individual states) in effect or in process			
Is the Agency in compliance with all signed policies?			
<p>IT IS NOT NECESSARY TO INCLUDE COPIES OF THE NATIONWIDE AGREEMENTS.</p> <p><i>Please provide a copy of the Agency's policies and procedures regarding interstate examinations and protocol, and procedures for assuring compliance with the above agreements. Describe the communication with other home or host states and how it affects the scheduling of examinations, participation in examinations (safety and soundness and specialty examinations), sharing of information, exit meetings and enforcement actions.</i></p> <p>Does the Agency have the authority to travel out-of-state if necessary to examine an out-of-state bank or branch for which it has regulatory responsibility?</p> <p>Does the Agency have the authority to contract with other state banking agencies to perform examinations on its behalf?</p> <p>Describe and evaluate the Agency's process (as home state regulator) for monitoring compliance with host state consumer laws and regulations (i.e., CRA, consumer protection, fair lending). State the basis for the rating and include documentation if appropriate.</p>			
Agency Response:			
<p>BEST PRACTICE: The Agency must have signed all applicable agreements and developed written procedures for compliance with the agreements. The Agency must have a written policy on interstate examination covering compliance issues, use of host state examiners, billing/assessment procedures, and internal communication with other state agencies including a current listing of interstate contacts. Additionally, the Agency must have the authority to travel out-of-state and/or contract with other agencies.</p>			

	Agency's Rating	Value	Rating
		10	
			Score

IV-a. Examination Policies and Procedures - BANK

D. Examination Manuals/Preplanning

Describe and evaluate the agency's examination manuals (safety and soundness and specialty, i.e., compliance, trust, information technology, holding company, international) including policies and procedures for organizing and planning individual safety and soundness, as well as specialty examinations. State the basis for the rating and include documentation if appropriate.

Agency Response:

BEST PRACTICE: The Agency must have examination manuals addressing policies and procedures for safety and soundness examinations and specialty examinations as applicable. These manuals may be a duplicate of training manuals but must also address state specific areas. The Agency must have established procedures for organizing safety and soundness and specialty examinations including coordination with Federal agencies as necessary. Internal procedures must provide at least one month notice to the assigned examiner-in-charge for scheduling purposes in order to provide lead time to do pre-planning and scoping memos.

	Agency's Rating	Value	Rating
		10	
			Score

IV-a. Examination Policies and Procedures - BANK			
E. Review and Transmittal of Report			
Describe and evaluate the agency's procedures for reviewing the examination report before it is returned to the bank, including the preparation of the transmittal letter. State the basis for the rating and provide documentation that includes a two-year history of average examination report turnaround time in calendar days per calendar year. Note: examination report turnaround time should be calculated from the time the examiners leave the financial institution.			
Agency Response:			
BEST PRACTICE: Report turnaround time on safety and soundness and specialty examinations should average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report is mailed to the financial institution. This can be computed on independent examinations only since the Agency does not have complete control over joint examinations. Procedures for drafting of transmittal letters on "4" and "5" composite rated institutions should be more stringent than those for non-problem institutions.			
	Agency's Rating	Value 10	Rating
			Score

IV-a. Examination Policies and Procedures - BANK					
F. Working Paper Preparation and Review					
Describe the policy and procedures for preparation and review of working papers, including the sharing of working papers with Federal counterparts and other entities as necessary.					
Agency Response:					
BEST PRACTICE: Working papers should be prepared in a format acceptable to all regulatory agencies in order to facilitate the sharing of information. An acceptable procedure for review of working papers should be adopted and adhered to following each on-site examination and interim visitation including but not limited to: line cards for loans, securities and fixed assets and requested amendments to call reports. A periodic and documented review of a sampling of working papers must be performed.					
		Agency's Rating	Value	Rating	Score
			10		

IV-b. Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures - BANK

A. Ability to Examine and Rate

Describe and evaluate the agency's ability to examine the areas listed below. State the basis for the rating and provide documentation that includes the number of examiners, in each of the categories, who have reached a high degree of technical competency. State whether the agency can effectively examine at least 50% of the banks and trust companies independently within an 18 month period. Provide a total of the number of examinations performed in the 18 month period, the number of independent examinations and/or the number of examinations in which the agency was the lead examiner-in-charge with regard to joint examinations for the 18 month period. Also, in each of the categories, provide a rationale for whether the number of employees is sufficient to examine that area. If not sufficient what is the action plan to train or acquire a sufficient number of examiners with a high degree of technical competency.

Agency Response:

BEST PRACTICE:

1. The Agency should have a sufficient number of trained examiners to rate the banks' risk in Capital, Assets, Management, Earnings, Liquidity and Sensitivity to Market Rates and to provide effective corrective procedures. The Agency must perform independent examinations of at least 50% of the financial institutions regulated or provide documentation substantiating the performance of at least 50% of the examination hours on a majority of joint examinations performed based on acceptable examination frequency policy. The Agency must be the alternating lead examiner on joint examinations.
 - 1.a The Agency must have an adequate number of trained examiners (minimum of two for backup purposes) in the capital markets area in relation to the number of banks with complex sophisticated capital markets activity.
2. The Agency should have a sufficient number of trained examiners to rate the risks associated with the Trust Department of a financial institution or the risks involved in all areas of an independent Trust Company.
- 3.-6. The Agency must have a sufficient number of qualified examiners to examine all specialty areas and affiliate areas affecting the safety and soundness of a financial institution. Under 3, the Agency must have sufficient staff to adequately examine service providers even if none are presently located in the state. Under 4, the Agency must have a sufficient number of examiners to examine the international departments or agencies under their purview. (This area may be rated not applicable.) Under 5, The Agency must have sufficient staff to review for compliance in all state laws plus BSA, Regulation O, and 23A and B at a minimum. Under 6, the Agency must have adequate staff to examine bank and financial holding companies. Adequate staff must include qualified back-up examiners. THIS AREA MAY NOT BE RATED "NOT APPLICABLE."
7. The Agency should: 1) perform consumer compliance examinations or documented involvement in the consumer compliance process, 2) receive and review consumer compliance reports from other regulators and

3) have a process for tracking and resolution of consumer complaints against a financial institution.

Agency's Ratings for IV-b. A. Ability to Examine and Rate	Value	Rating	Score
1. Banks-Assessment of CAMELS	25		
1a. Capital Markets	5		
2. Trust (companies & departments)	10		
3a. Internal IT service/Internet Banking	5		
3b. IT service organizations or departments providing IT services to other institutions	5		
4. International Banking*	10		
5. Compliance Reviews (Federal and State Laws)	10		
6. Bank Affiliates	10		
7. Consumer Compliance Examinations	2		

IV-b. Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures - BANK			
B. Problem Identification/Migration Analysis			
<p>Does the Agency perform a migration analysis of CAMELS/Component ratings or other form of analysis of which regulator identifies problem institutions or credits first in order to evaluate the Agency's ability to recognize problems as soon as possible? State the results of the analysis and provide reasons and actions in process if the Federal regulator has recognized problems first more often or discussions with Federal counterparts if the State regulator has recognized problems first more often.</p>			
<p>Agency Response:</p>			
<p>BEST PRACTICE: The Agency must perform a macro migration analysis at least every six months or a written analysis following each independent examination of a new problem institution. In states where all examinations are performed jointly, an analysis of problem recognition will require more detailed review (i.e. state vs. federal examiner hours on all joint examinations) than just the CAMELS/Component ratings.</p>			
	Agency's Rating	Value	Rating
		10	
			Score

IV-b. Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures - BANK			
C. Follow-up/Correction of Problems			
Describe the agency's procedures for following up of problems discovered during any examination and for insuring that the banks undertake the corrective action required. Include the preparation of transmittal letters and the maximum number of days given for responding to the transmittal letter. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: Financial institutions should respond within a maximum of 45 calendar days after receipt of the report of examination and a transmittal letter. Individuals should be assigned to track and review responses. Notation of reviews should be made and retained in files. The EIC should be made aware of the response from the problem institution.			
	Agency's Rating	Value 30	Rating
			Score

**BANK ONLY SECTION IV
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION IV-a	Examination Policies and Procedures	250		
SECTION IV-b	Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures*	610 or 560		

* If Criterion IV.b.A.4. International Banking is not applicable, the Revised Max Score for Section IV should be reduced to 560

Note: also enter data on the [Bank Final Score Sheet](#).

BANK ONLY SECTION V – SUPERVISION, APPLICATIONS, & ENFORCEMENT

Purpose - This section evaluates the bank surveillance systems, application procedures and enforcement authority. The section assumes that the surveillance system devised will provide timely, accurate and usable data and that formal application processing procedures are in place with adequate tracking of applications. The section also assumes that authority to carry out enforcement actions is necessary, if such actions are to be effective.

Narrative Material for the Section - The narrative provides the opportunity to describe the monitoring (or early warning) methods the agency utilizes or has developed and how that system is used. List any "outside" sources of information that may be used to increase the reliability of bank surveillance system, e.g., FDIC on-line computer data, outside auditor reports, FRB information and the use of data submissions by banks (including call reports). Describe how the surveillance system affects examination schedules and other regulatory activities. References to enforcement authority and use should be provided along with copies of application manuals and tracking reports as appropriate.

V. Supervision, Applications, & Enforcement - BANK			
A. Surveillance System			
Describe and evaluate the effectiveness of the agency's surveillance system. In the description, include written policy and procedures used in off-site monitoring, visitations, use of computer generated reports, board minutes, procedures and frequency for analyzing available information and assurance that the information is timely. State the basis for the rating and provide documentation that includes off-site monitoring reports, etc.			
Agency Response:			
BEST PRACTICE: The Agency must have a written surveillance program to monitor all financial institutions (i.e. banks, non-depository trust companies) under the purview of the Agency, with approved parameters set internally for variance and exceptions. Reviews should be performed on all institutions at least quarterly. Note: Off-site surveillance should be utilized to recognize issues on non-problem institutions before they become major problems that might affect the safety and soundness of the institution.			
Agency's Rating	Value	Rating	Score
	10		

V. Supervision, Applications, & Enforcement - BANK			
B. Communication of Findings of Surveillance System			
Describe the agency's follow-up procedures for problems noted as a result of the off-site surveillance program findings, including the communication of its surveillance findings to the appropriate individuals. State the basis for the rating and include documentation if appropriate and not confidential.			
Agency Response:			
<p>BEST PRACTICE: Computer generated reports and documentation of surveillance reviews on all financial institutions should be maintained in bank files. When problems are noted, procedures should be established for assigned responsibility of written and/or oral communication with the financial institution, other regulators, and office/field personnel with appropriate documentation in the individual bank file. This information should be available for review by the appropriate office and field personnel including the assigned Examiner-in-Charge.</p>			
Agency's Rating	Value	Rating	Score
	8		

V. Supervision, Applications, & Enforcement - BANK			
C. Applications			
<p>Briefly describe the agency's procedures and time frames for processing applications for each of the following applications: new bank charters and trust companies, branches, mergers, acquisitions, change-in-control or capital structure, and conversions. Include any expedited processing procedures or interstate applications. Evaluate the effectiveness of the application process. State the basis for the rating and provide documentation that includes processing time records of new applications during the past three years, with timeframes for action after acceptance of the application for filing.</p>			
Agency Response:			
<p>BEST PRACTICE: If not prescribed by state law, the Agency should establish written timeframes and procedures for processing and tracking applications. The Agency should meet the timeframes established with any exceptions noted and approved by the appropriate persons or committees. State must have expedited procedures for appropriate activities and utilize interagency applications where applicable. State must have decision making powers for all applications listed above.</p>			
Agency's Rating	Value	Rating	Score
	5		

V. Supervision, Applications, & Enforcement - BANK			
D. Adequacy of Statutory Enforcement Authority			
Provide copies of law for the agency's authority to take enforcement actions against banks, holding companies and/or affiliates in the areas listed below in the Best Practice. State the basis for the rating.			
Agency Response:			
<p>BEST PRACTICE: The Agency must have the following statutory enforcement powers over both banks and holding companies:</p> <ol style="list-style-type: none"> 1. The Agency must have the ability to issue Cease and Desist Orders including emergency C&D's. 2. The Agency must have the authority to remove officers, directors and employees; and to prohibit such individuals from serving in any capacity in any other trust company, bank, or bank affiliate that the Agency regulates. 3. The Agency must have the ability to assess civil money penalties (CMP's) sufficient to deter violations of laws and regulations and violations of orders or agreements. CMP's should be per violation per day. 			
	Agency's Ratings	Value	Rating
	Banks	10	
	Bank Holding Companies	8	
		Score	

V. Supervision, Applications, & Enforcement - BANK			
E. Policy for and Use of Enforcement Authority			
Describe the agency's actual use of its enforcement authority and evaluate its effectiveness. Provide the number and type of enforcement actions issued during the past three years. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The Agency should have a written policy or written procedures that require some type of action for problem institutions. If a "3", "4", or "5" composite rated institution does not have a written enforcement action in compliance with the policy, the file should contain written reasons for exception approved by senior management.			
Agency's Rating	Value 10	Rating	Score

**BANK ONLY SECTION V
TOTAL SCORE**

		Max Score	Agency Score	% Score
SECTION V	Supervision, Applications, & Enforcement	255		

Note: also enter data on the [Bank Final Score Sheet](#).

BANK ONLY SECTION VI - LEGISLATIVE

Purpose - This section covers a series of banking code and legislative issues important to maintaining a regulatory program that meets current and future regulatory needs. This section assumes that a well-run banking agency will operate under a code that is comprehensive and clear, changes as often as necessary and places accountability with the supervisor. This section also addresses the Supervisor's opportunity to propose banking legislation for the legislature or other appropriate office, as well as to review legislation drafted by others that would affect the agency's regulatory program.

Narrative Material for the Section - The narratives should describe the scope of the authority of the state regulator and the agency. They should also indicate the capacity of agency personnel to participate in the legislative process.

VI. Legislative - BANK			
A. Frequency of Banking Code Review/Revision			
When was the last recodification of the state banking code and the last date the code was reviewed in its entirety? How often are revisions/amendments made? Are there existing plans to recodify the state banking laws, and if so, when? State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The banking code must be reviewed in its entirety at least once every five years to determine if recodification is needed. Once the determination is made that recodification or revision is necessary, the code should be revised within three years.			
	Agency's Rating	Value	Rating
		3	
			Score

VI. Legislative - BANK			
B. Adequacy of State Supervisor's Authority			
Discuss whether the state banking code provides the supervisor with adequate authority to perform the prescribed duties and responsibilities. Identify areas needing improvement. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: Agency management should indicate that the Banking Code provides the Agency or the Commissioner with the necessary powers to perform prescribed duties and responsibilities. Any areas needing improvement should be identified with any current actions in progress being noted i.e., power to examine holding companies or affiliates, ability to increase assessments, separate designated fund for banking, approval powers for change-in-control applications.			
	Agency's Rating	Value	Rating
		10	
			Score

VI. Legislative - BANK				
C. Involvement in State Legislative Process				
Describe the agency's involvement in the State legislative process, including the ability to initiate legislation, review legislation, and otherwise have an impact on legislation affecting the institutions under its purview. State the basis for the rating and include documentation if appropriate.				
Agency Response:				
BEST PRACTICE: The Agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to defend the proposals before the legislature.				
	Agency's Rating	Value	Rating	Score
		6		

VI. Legislative - BANK			
D. Involvement in Federal Legislative Process			
Describe the Agency's involvement in the Federal legislative process including Agency employees service on legislative/regulatory committees, testifying before Congress or communication or visits with your Federal Congressmen.			
Agency Response:			
BEST PRACTICE: The Agency must have participated in at least one of the areas noted above on an annual basis.			
Agency's Rating	Value	Rating	Score
	6		

**BANK ONLY SECTION VI
TOTAL SCORE**

		Max Score	Agency Score	% Score
SECTION VI	Legislative	125		

Note: also enter data on the [Bank Final Score Sheet](#).

BANK FINAL SCORE SHEET
for the State of _____

		Max Score	Agency Score	% Score
SECTION I	Agency Administration and Finance	415		
SECTION II	Personnel	165		
SECTION III	Training	245		
SECTION IV-a	Examination Policies and Procedures	250		
SECTION IV-b	Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures	610 or 560		
SECTION V	Supervision, Applications, & Enforcement	255		
SECTION VI	Legislative Powers	125		
TOTAL SCORE		2,065 or 2,015		

Agency Supervisor

Date

MORTGAGE ONLY SECTION IV – EXAMINATION

Purpose - This section evaluates the agency's mortgage examination program. An effective examination program identifies and responds to companies or individuals that pose the greatest risk to consumers as well as provides for a regular examination which covers all licensees on a regular basis. The examination program must address the areas as noted in Section IV-b B below. The agency's mortgage examination program must include participation in nationwide agreements that allow for a more streamlined oversight of the mortgage industry.

As stated in the various Best Practices for the items below, the agency must have an adequate mortgage staff dedicated to examine for all applicable mortgage laws and regulations. The examination program must be detailed with flexibility allowing for the examiner to determine if the company is operating in a fashion that promotes consumer protection and compliance with all applicable mortgage laws and regulations.

Narrative Material for the Section - Please specifically address examination policies and procedures and ability to examine, giving a justification for the rating chosen and, where the rating indicates a problem, any actions being taken to improve the situation.

IV-a. Examination Policies and Procedures - MORTGAGE

A. Examination Frequency Policy/Ability to Meet Policy

Describe the statutory requirement, agency policy and actual frequency of examinations of state licensed mortgage entities. Evaluate the agency's ability to meet examination policies. State the basis for the rating assigned and provide documentation that includes the number of examinations by type of mortgage entity and by year.

Agency Response:

BEST PRACTICE: The agency written policy on examination frequency must state that each licensed mortgage entity must be examined at least every 60 months or on a more frequent risk basis dependent on off-site monitoring (complaints, prior enforcement actions, ratings, etc.). The frequency policy must be met. For the purposes of the 60 month frequency policy, an examination is defined as any substantive review of the licensee's files by any of the following methods: an on-site examination, off-site examination, examination based on analytical software, or an examination performed by other states but accepted by the state under accreditation review pursuant to the Multistate Agreement and Protocol for Mortgage Supervision. The agency must conduct some form of exit meeting per the written policy. Also, the policy must require a documented review within the first six months of being granted a license or beginning business to insure that the licensed mortgage entity is in compliance with applicable consumer protection laws and regulations. The policy must require a formal review of the mortgage entity within 18 months of being granted a license or beginning business. The timeliness and depth of the review must be a result of a formal analysis of the mortgage entity's Mortgage Call Report (MCR), ratio analysis, complaints and other analytics which may be available to the agency.

	Value	Rating	Score
Agency's Rating	5		

IV-a. Examination Policies and Procedures - MORTGAGE			
B. Info Sharing Agreements w/ Other Reg Agencies			
<p>Has the agency entered into any information sharing agreements with other regulatory agencies having jurisdiction over the mortgage industry? Agreements must include signing the CSBS/AARMR Nationwide protocol and agreement. If agreements have been signed, evaluate the agency's compliance with the agreements and the effectiveness of the procedures. Provide a listing of any multi-state examinations in which you have participated in the last three years. State the basis for the rating and include documentation if appropriate.</p>			
<p>Agency Response:</p>			
<p>BEST PRACTICE: The agency must have signed all applicable agreements and developed means for assurance of compliance with the protocols. The agency must have the ability to participate in the Multi-State Mortgage Committee examinations and accept those reports of examination in lieu of an independent agency report. Additionally the agency must have the ability to travel out-of-state.</p>			
	Agency's Rating	Value	Rating
		5	Score

IV-a. Examination Policies and Procedures - MORTGAGE			
C. Examination Manuals/Preplanning			
Describe and evaluate the agency's examination manuals including policies and procedures for organizing and planning individual examinations and sharing information with licensees. Describe the agency's policy on conducting exit meetings and requirements for meetings with senior management following an examination. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The agency must have examination manuals addressing policies and procedures for all types of examinations. These manuals may incorporate or be a duplicate of written training procedures. Internal procedures must provide at least two weeks' notice to the assigned examiner for scheduling purposes in order to provide lead time to do pre-planning and risk-focused memos.			
	Agency's Rating	Value	Rating
		10	
			Score

IV-a. Examination Policies and Procedures - MORTGAGE			
D. Review and Transmittal of Report			
Describe and evaluate the agency's procedures for reviewing the examination report before it is returned to the mortgage entity, including the preparation of the transmittal letter. Describe and state the basis for the rating and provide documentation that includes a two-year history of average examination report turnaround time in calendar days. (Note: examination report turnaround time must be calculated from the time the examiners hold the exit meeting).			
Agency Response:			
BEST PRACTICE: Report turnaround time on examinations of non-problem providers must average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report is transmitted to the mortgage entity. On problem providers the average report turnaround time must be no more than 60 calendar days. Procedures for drafting of transmittal letters/agreements on problem providers must be more stringent than those for non-problem institutions.			
	Agency's Rating	Value 10	Rating
			Score

IV-a. Examination Policies and Procedures - MORTGAGE			
E. Working Paper Preparation and Review			
Describe the policy and procedures for preparation and review of working papers, including the sharing of working papers with regulatory counterparts and other entities as necessary.			
Agency Response:			
BEST PRACTICE: A periodic procedure for independent review of working papers must be adopted and adhered to. The policy for working papers must address at a minimum: overview of files reviewed, documentation of supporting violations, sample disclosure documents, licensee's written policies and procedures review.			
Agency's Rating		Value	Rating
		10	
			Score

IV-b. Ability to Rate Mortgage Providers, Recognize Problems and Initiate Effective Corrective Procedures - MORTGAGE

A. Examination Program

Describe and rate the adequacy of the agency's examination policies and procedures with regard to the following areas in an examination:

1. Personnel Administration
2. Management
3. Financial Analysis
4. Consumer Complaint Resolution
5. Compliance

Agency Response:

BEST PRACTICE:

Agency establishes adequate procedures to assure an examination will review the following areas:

1. Personnel Administration: Hiring and firing, training, written policies and procedures; evaluation and compensation structure.
2. Management: Knowledge of laws, number of violations, exceptions to internal routine and controls, quality control, third party due diligence; business plan.
3. Financial Analysis: Compliance with state specific requirements and analysis of financial responsibility which must include: capital or bond coverage; asset quality; earnings; liquidity; internal audit/independent audit; affiliated business arrangements
4. Consumer Complaint resolution procedures
5. Compliance: Compliance Officer, compliance with laws, marketing/advertising disclosures and documentation and use of mortgage examination guidelines.

Agency's Ratings for IV-b. A. Examination Program	Value	Rating	Score
1. Personnel Administration	10		
2. Management	10		
3. Financial Analysis	10		
4. Consumer Complaint Resolution	10		
5. Compliance	10		

IV-b. Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures - MORTGAGE

B. Ability to Examine All Five Areas

Describe and evaluate the agency’s ability to examine the areas listed in the Best Practice. State the basis for the rating and provide documentation that includes the number of examiners who have reached a high degree of technical competency. Provide a total of the number of examinations performed in a 12 month period for the previous three years and year to date. Provide a rationale for whether the number of employees is sufficient to examine the areas in accordance with the more restrictive of the frequency requirements set by the Accreditation Program or by the agency. If not sufficient what is the action plan to train or acquire a sufficient number of examiners with a high degree of technical competency.

Agency Response:

BEST PRACTICE: Agency must have a sufficient number of examiners trained in the following areas to examine licensees at least every 60 months or on a more frequent risk basis dependent on off-site monitoring:

1. Personnel Administration: Hiring and firing, training, written policies and procedures; evaluation and compensation structure.
2. Management: Knowledge of laws, number of violations, exceptions to internal routine and controls, quality control, third party due diligence/vendor oversight; business plan.
3. Financial Analysis: Compliance with state specific requirements and analysis of financial responsibility which must include: capital or bond coverage; asset quality; earnings; liquidity; internal audit/independent audit; affiliated business arrangements
4. Consumer complaint resolution services
5. Compliance: Compliance Officer, compliance with laws, disclosures and documentation and use of mortgage examination guidelines.

Agency’s Ratings for IV-b. B. Ability to Examine	Value	Rating	Score
1. Personnel Administration	10		
2. Management	10		
3. Financial Analysis	10		
4. Consumer Complaint Resolution	10		
5. Compliance	10		

IV-b. Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures - MORTGAGE			
C. Follow-up/Correction of Problems			
Describe the agency's procedures for following up of problems discovered during an examination. Provide the agency's policy for insuring that the mortgage entity undertakes the required corrective action. Include the maximum number of days given for responding to the report findings and the rationale for the number of days. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: Licensees must respond within 45 calendar days after receipt of the report of examination and/or a transmittal letter. Individuals must be assigned to track and review responses. Notation of reviews must be made and retained in files. The EIC must be made aware of the entity's response as necessary.			
	Agency's Rating	Value 30	Rating
			Score

**MORTGAGE ONLY SECTION IV
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION IV-a	Examination Policies and Procedures	200		
SECTION IV-b	Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures	650		

Note: also enter data on the [Mortgage Final Score Sheet](#).

MORTGAGE ONLY SECTION V – LICENSING, SUPERVISION AND ENFORCEMENT

Purpose - This section evaluates the agency's ability to directly assist consumers through response to consumer complaints. The section further evaluates the agency's ability to properly evaluate a company or individual at the time of application and renewal to determine if they are qualified to be a licensee. The agency must have the ability to properly recognize companies with strong internal controls and good management practices to protect consumers from financial abuse.

Additionally, this section evaluates the agency's ability to regulate and enforce applicable state and federal law of the mortgage industry. The agency must utilize the enforcement authority to properly oversee the mortgage industry allowing for strong regulatory compliance and consumer protection.

This section also evaluates the agency's ability to conduct investigations for financial abuse and fraud in the mortgage industry. Investigation requires an impartial evaluation of the licensee's business dealings with consumers. An effective investigation unit requires constant interaction with consumers and with other state and federal law enforcement agencies.

Narrative Material for the Section - The narrative provides the opportunity to describe the monitoring and complaint resolution program the agency has developed and how that system is used. List any "outside" sources of information that may be used to increase the reliability of programs, e.g., NMLS, independent audits, quarterly reporting. Describe how the licensing and compliance programs affect examination schedules and other regulatory activities. Describe the various types of enforcement authority and provide the number and type of actions taken.

V. Licensing, Supervision, and Enforcement - MORTGAGE

A. Complaint Resolution System

Describe the agency’s ability to recognize and respond to complaints filed against licensees. Provide a copy of your tracking system reports that are presented to senior management in your agency.

Agency Response:

BEST PRACTICE: The agency must have written policies and procedures in place to process consumer complaints. Sufficient staff must be trained in the correct procedures for handling of complaints to meet the timeframes within the policy. The agency must have a mechanism to triage the complaints in order to prioritize or risk rate the complaints to ensure serious issues, i.e. foreclosures, are handled within a shorter period of time.

The policy must address the following items at a minimum:

1. A tracking system for contacts with the licensee, types of complaints, investigation of complaints and response to the complainant or referral to the appropriate agency if not within this agency’s jurisdiction.
2. Initial action on a complaint within 15 days or referral to another agency within 20 days if necessary. Exceptions should be justified.
3. Procedures for internal sharing of information within the agency to ascertain if an examination should be scheduled based on the number and severity of the complaints against an individual licensee.

	Value	Rating	Score
Agency’s Rating	30		

V. Licensing, Supervision, and Enforcement - MORTGAGE

B. Application/Renewal Process

Describe the agency’s application process and procedures? How often is the license renewed? Does the agency have a means of determining license status or disciplinary actions in other agencies (whether in state or in other states)?

Agency Response:

BEST PRACTICE: The agency must have adequate, trained staff dedicated to processing all applications and renewals. Applications should be turned around and decisions made according to statute or within 60 days. Written procedures should be adopted to address adequate processing of applications and renewals. All application requirements should at a minimum adhere to the SAFE Act requirements. The agency must also track applications and renewals for timely processing. The applications, at a minimum, should address the following:

- a. Criminal records history on controlling individuals
- b. Regulatory action disclosure
- c. Business plans
- d. Financial performance
- e. Business Entity Structure
- f. Internal controls
- g. Company policy and procedures that address at a minimum: supervision of loan originators, loan officer compensation, oversight of marketing and advertising

Agency’s Rating	Value	Rating	Score
	30		

V. Licensing, Supervision, and Enforcement - MORTGAGE

C. Enforcement Authority

Provide copies of law for the agency's authority to take disciplinary or enforcement actions against licensees. Does the agency have adequate statutory enforcement authority? State the basis for the rating.

Agency Response:

BEST PRACTICE: The agency must have an Enforcement Policy that addresses the following statutory enforcement powers over mortgage entities:

1. The ability to issue Cease and Desist Orders including emergency/temporary C&D's,
2. The ability to condition, suspend or revoke licenses,
3. The ability to issue other forms of agreement and consent orders,
4. The ability to issue fines sufficient to deter violations of laws and regulations and/or violations of orders or agreements,
5. The ability to issue investigative subpoenas,
6. The ability to issue intent to deny licenses, and
7. The ability to deny a license or renewal of a license.

The policy should also address timeframes for finalizing enforcement actions with approved exceptions for noncompliance.

	Value	Rating	Score
Agency's Rating	30		

V. Licensing, Supervision, and Enforcement - MORTGAGE			
D. Use of Enforcement Authority			
Describe the agency's actual use of its enforcement authority and evaluate the effectiveness of disciplinary and enforcement actions. Provide the number and type of actions issued during the past three years. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The agency should have a written policy or written procedures that require some type of action for problem licensee. If a problem licensee does not have a written action in compliance with the policy, the file should contain written reasons for exception approved by senior management.			
	Agency's Rating	Value 10	Rating
			Score

V. Licensing, Supervision, and Enforcement - MORTGAGE			
E. Ability to investigate financial abuse and fraud			
Describe the agency's ability to investigate financial abuse, fraud and violations of law in the mortgage industry. Note the number of staff dedicated to investigation and the experience and special training of those individuals. Is there sufficient staff available for this function? If not, what arrangements has the agency made to address the situation? Describe the interaction with other state and federal law enforcement agencies.			
Agency Response:			
BEST PRACTICE: The agency must have sufficient staff dedicated to conduct investigations. The agency should have sufficient resources to provide legal support to investigative staff, as necessary			
Agency's Rating	Value 10	Rating	Score

**MORTGAGE ONLY SECTION V
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION V	Licensing, Supervision and Enforcement	550		

Note: also enter data on the [Mortgage Final Score Sheet](#).

MORTGAGE ONLY SECTION VI - LEGISLATIVE

Purpose - This section evaluates the agency's ability to provide the legal assistance needed to properly regulate the mortgage industry. This section covers a series of legislative issues important to maintaining a regulatory program that meets current and future regulatory needs. This section assumes that a well-run agency will operate under a code that is comprehensive and clear, changes as often as necessary and places accountability with the supervisor. This section also addresses the agency's ability to propose legislation, as well as to review legislation drafted by others that would affect the agency's regulatory program.

Narrative Material for the Section - The narratives should describe the scope of the authority of the state regulator and the agency. They should also indicate the capacity of agency personnel to participate in the legislative process.

VI. Legislative Powers - MORTGAGE			
A. Frequency of Mortgage Statute or Code Review/Revision			
When was the last recodification of the state mortgage statute and the last date the code was reviewed in its entirety? How often are revisions/amendments made? Are there existing plans to recodify the state mortgage laws, and if so, when? State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: The mortgage statutes must be reviewed in its entirety at least once every five years to determine if recodification is needed. Once the determination is made that recodification or revision is necessary, the code should be revised within three years.			
Agency's Rating		Value	Rating
		3	
			Score

VI. Legislative Powers - MORTGAGE			
B. Adequacy of State Supervisor's Authority			
Discuss whether the state mortgage statutes provide the supervisor with adequate authority to perform the prescribed duties and responsibilities. Identify areas needing improvement. State the basis for the rating and include documentation if appropriate.			
Agency Response:			
BEST PRACTICE: Agency management should indicate that the mortgage statutes provide the agency or the Supervisor with the necessary powers to perform prescribed duties and responsibilities. Any areas needing improvement should be identified with any current actions in progress being noted.			
	Agency's Rating	Value 10	Rating
			Score

VI. Legislative Powers - MORTGAGE				
C. Involvement in State Legislative Process				
Describe the agency's involvement in the State legislative process, including the ability to initiate legislation, review legislation, and otherwise have an impact on legislation affecting the licensees under its purview. State the basis for the rating and include documentation if appropriate.				
Agency Response:				
BEST PRACTICE: The agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to defend the proposals before the legislature.				
	Agency's Rating	Value	Rating	Score
		6		

VI. Legislative Powers - MORTGAGE			
D. Involvement in Federal Legislative Process			
Describe the Agency's involvement in the Federal legislative process including Agency employees service on legislative/regulatory committees, testifying before Congress or communication or visits with your Federal Congressmen.			
Agency Response:			
BEST PRACTICE: The Agency must have participated in at least one of the areas noted above on an annual basis.			
Agency's Rating	Value	Rating	Score
	6		

**MORTGAGE ONLY SECTION VI
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION VI	Legislative Powers	125		

Note: also enter data on the [Mortgage Final Score Sheet](#).

MORTGAGE FINAL SCORE SHEET
for the State of _____

		Max Score	Agency Score	% Score
SECTION I	Agency Administration and Finance	415		
SECTION II	Personnel	165		
SECTION III	Training	245		
SECTION IV-a	Examination Policies and Procedures	200		
SECTION IV-b	Ability to Rate Financial Institutions, Recognize Problems and Initiate Corrective Procedures	650		
SECTION V	Licensing, Supervision, & Enforcement	550		
SECTION VI	Legislative Powers	125		
TOTAL SCORE		2,350		

Agency Supervisor

Date

CREDIT UNION ONLY SECTION IV – EXAMINATION

Purpose

This section and the following section (Supervision) cover those areas the public most closely regards as the main activities of a state credit union department. In addition, federal agencies, before accepting the work product of a state credit union department, need some assurance concerning the quality of that work product. Therefore, these sections raise numerous questions regarding work product and the department's ability to carry out the necessary steps to ensure consistently competent regulation, examination and supervision.

Narrative Material for the Section

These narratives lend themselves to both qualitative and quantitative measurements of department success in completely and adequately examining state-chartered credit unions. Please specifically address these criteria, giving a justification for the rating chosen and, where the rating is "3" or below, the departmental action being taken to correct the situation.

Documentation

Documentation for this section could include a variety of department-prepared items, including self-produced examination manuals, examination scheduling sheets, department-produced rating systems (where CAMEL ratings are not used), formal statements of procedures to be followed before and after examination, and flow-sheets describing actual staff responsibilities for various examination tasks (do not send actual exam documents).

IV. Examination – CREDIT UNION			
A. Examination Policy			
Describe the statutory requirement, department policy, and actual frequency of state-chartered credit union examinations.			
Provide documentation where appropriate, including definitions of examination types, frequency of examinations for the last three years by examination type, and examination frequency policy with respect to problem credit unions. If applicable, the response should include a description of the department's policy and practices regarding privately-insured credit unions.			
Agency Response:			
BEST PRACTICE: The department's written policy on examinations should state that each credit union should be examined every 15 months of "1" and "2" Composite rated credit unions and may be extended to 18 months depending on the condition of the credit union and more frequently for troubled credit unions. The department should have a written policy on examination frequency.			
Agency's Rating	Value	Rating	Score
	10		

IV. Examination – CREDIT UNION			
B. Examination Manual			
Describe the department's examination manual in terms of completeness, relevancy of material, and maintenance process.			
<i>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</i>			
Agency Response:			
BEST PRACTICE: The department should have examinations manuals addressing policies and procedures for safety and soundness examinations and specialty examinations as applicable. These manuals may be a duplicate of federal training manuals, but should also address state specific areas.			
Agency's Rating	Value	Rating	Score
	6		

IV. Examination – CREDIT UNION

C. Scope of Examination Capabilities

1. Describe the department's ability to examine the following areas of credit union operations:
 - a. Loans - Overall evaluation of your ability to examine member business, personal, mortgage, other real estate, recreational equipment, education, and other types of loans¹
 - b. Investments¹
 - c. Asset/Liability Management
 - d. Liquidity
 - e. Financial Analysis
 - f. Management¹
 - g. Off-Balance Sheet Items (if any) ¹

Include documentation that includes the number of examiners in each of the categories listed who have reached a high degree of technical competency. *Also, in each of the categories provide a reasoning for whether the number of examiners is sufficient to examine that specialized area. If not sufficient, state why number is insufficient and what is the action plan to have a sufficient number of examiners with a high degree of technical competency.*

Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.

Agency Response:

BEST PRACTICE: The department should have a sufficient number of trained examiners to perform independent examinations of at least 50% of the financial institutions regulated [The department should be the lead examiner on joint examinations]. The department should have the authority and a sufficient number of qualified examiners to examine all specialty areas.

		Value	Rating	Score
Agency's Ratings	Loans	8		
	Investments	8		
	Asset/Liability Management	8		
	Liquidity	8		
	Financial Analysis	8		
	Management	8		
	Off-Balance Sheet	8		
	Total Score			

¹Including detection of insider dealing, credit union fraud and money laundering.

IV. Examination – CREDIT UNION

C. Scope of Examination Capabilities

2. Describe the department's ability to examine Information Systems & Technology (IS&T) applications for:
 - a. Users of IS&T services - The business systems that relate to the credit union use of computers for the processing of credit union business information (contracts, rotation of duties, backup files, etc.).
 - b. Providers of IS&T Services - For safety of user files, integrity of programs and data files, adequate backup of facilities, adequate business systems (contracts, rotation of duties, separation of duties, etc.)
3. Describe the department's ability to examine electronic financial services.
4. Describe the department's ability to examine the area of compliance with state and federal laws.
5. Describe the department's ability to examine the area of C.U.S.Os.

Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.

Agency Response:

BEST PRACTICE:

		Value	Rating	Score
Agency's Ratings	2. IS&T			
	a. Users	8		
	b. Providers	8		
	3. Electronic Financial Services	8		
	4. Compliance	8		
	5. C.U.S.Os	8		
Total Score				

IV. Examination – CREDIT UNION			
D. Planning Individual Safety and Soundness Exams			
Describe the department's systematic method for organizing and planning individual safety and soundness and as specialty examinations.			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
BEST PRACTICE: The department should have established procedures for organizing safety and soundness and specialty examinations including coordination with federal agencies as necessary. Internal procedures should provide at least one month's notice to the assigned examiner-in-charge for scheduling purposes in order to provide lead time to do pre-planning and scoping examinations. The department should have a system of completing pre-examination work prior to the examination to reduce on-site time at the credit union.			
Agency's Rating	Value 10	Rating	Score

IV. Examination – CREDIT UNION			
E. Examination Report and Workpapers			
Describe your department's examination report (including workpapers) for completeness, clarity, and ease of understanding. Also describe the department's system for periodic review of the various examination forms and report pages.			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
BEST PRACTICE: Examination forms should be sufficient to include comments and pertinent information on all CAMEL areas. In most instances, these forms will be AIREs with some state specific pages as necessary. Describe the department's procedures and ability to conduct exit conferences with the board of directors or senior management of each credit union examined.			
Agency's Rating	Value 10	Rating	Score

IV. Examination – CREDIT UNION			
F. Exit Conferences with Management			
Describe the department's procedures and ability to conduct exit conferences with the board of directors or senior management of each credit union examined.			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
BEST PRACTICE: The department should conduct some form of exit meeting at each examination and require a Board meeting for all “3”, “4”, and “5” rated institutions.			
Agency's Rating	Value	Rating	Score
	6		

IV. Examination – CREDIT UNION

G. Examination Report Review and Turnaround

Describe the department's procedure for internally reviewing the examination report before it is returned to the credit union, including the adequacy of the department's staffing and systems to assure the prompt return of accurate examination reports. Also include an explanation of the department's procedures for senior staff members to prepare, review, and approve examination report transmittal (i.e., cover) letters.

Include documentation that includes a two-year history of average examination report turnaround time in calendar days and the range of number of days to return the examination report to the credit union. (Note: turnaround time should be calculated from the time the EIC leaves the credit union.)

Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.

Agency Response:

BEST PRACTICE:

	Value	Rating	Score
Agency's Rating	10		

**CREDIT UNION ONLY SECTION IV
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION IV	Examination	740		

Note: also enter data on the [Credit Union Final Score Sheet](#).

CREDIT UNION ONLY SECTION V - SUPERVISION

Purpose

This section evaluates the ability of the department to foster a healthy and stable credit union system that provides the financial services members demand. The section assumes that the supervisory program will provide appropriate, timely, accurate and usable information. The section also assumes that a department is best served by having available authority to carry out enforcement actions. Finally, the section assumes that a department will take thoughtful, well supported discretionary actions on a variety of applications and other supervisory matters that impact credit union safety and soundness.

Narrative Material for the Section

The narrative provides the opportunity to describe the department's preventative, anticipatory measures that have been developed and how the program is used. If the department has developed its own monitoring system, describe how this system works. List any "outside" sources of information that the department may use to increase the reliability of its program, e.g., NCUSIF, on-line computer data, outside auditor reports, FRB information, and the use of information submitted routinely by credit unions to the department (including call reports). Describe how the program influences changes in examination schedules and other regulatory activities, e.g., enforcement actions and meetings with credit union boards of directors. Describe the department's procedures and internal processes for the on-going supervision of credit union corporate governance and activities as well as other exercises of discretionary regulatory authority. This description should focus on how the quality of the department's actions impact the financial condition and stability of the credit union system.

Documentation

Please enclose materials describing the department's supervisory program. Questions regarding enforcement may involve statutory citations and/or department rules and guidelines. Provide a listing of enforcement actions taken in last three years. Also provide several examples of corporate and other supervisory actions taken in the last three years. Examples of areas to cover include applications for various approvals, requests for interpretations of statutes or regulations, bulletins, policy statements, etc.

V. Supervision – CREDIT UNION			
A. Surveillance System			
<p>Describe the department's system for off-site monitoring of credit unions. How is statistical data utilized to monitor or improve the credit union operations or the stability or insurability of credit unions? Describe the use of computer-generated reports, board minutes, and the procedures and frequency for analyzing available financial information and assuring that the information is current.</p> <p><u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u></p>			
Agency Response:			
<p>Best Practice: The department should have a written surveillance program to monitor all financial institutions under the purview of the department, with approved parameters set for variance and exceptions. Reviews should be performed on all institutions at least quarterly.</p>			
Agency's Rating	Value	Rating	Score
	10		

V. Supervision – CREDIT UNION					
B. Follow-up					
Describe the department's procedure for following up problems discovered and ensuring credit unions undertake required corrective actions. Indicate the staff members responsible for follow up and explain how the department utilizes visitations as part of its monitoring system.					
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>					
Agency Response:					
BEST PRACTICE:					
		Agency's Rating	Value	Rating	Score
			10		

V. Supervision – CREDIT UNION			
C. Enforcement Authority Use			
Describe the department's <i>actual use</i> of its enforcement authority. (Provide a list of enforcement actions taken in the last three years. <i>Do not</i> use the names of the credit unions.)			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
<p>BEST PRACTICE: The department should have specific enforcement powers. The department should have the ability to issue Cease and Desist Orders, Memorandums of Understanding or other forms of informal agreements. The department should also have the authority to remove officers, directors and employees; and to prohibit such individuals from serving in any capacity in any other financial institution that the department regulates.</p> <p>The department should have the ability to assess civil money penalties sufficient to deter violations of laws and regulations and/or violations of orders or agreements. CMPs should be per violation per day.</p>			
Agency's Rating	Value	Rating	Score
	10		

V. Supervision – CREDIT UNION

D. Corporate and Other Supervisory Activities

Describe the department’s statutory authority and policies for on-going supervision of credit union corporate governance and activities as well as other exercises of discretionary regulatory authority. Examples of areas to cover include, but are not limited to, applications for various approvals (bylaws amendments, field of membership changes, investment authorities, fixed asset investments, new charters, charter conversions, mergers, etc.), rendering decisions on requests for waivers of regulatory requirements, requests for interpretations of statutes or regulations, and development and dissemination of regulatory guidance (bulletins, policy statements, etc.) to credit unions. Provide several examples of actions taken in the last three years. Do not use the names of the credit unions.

This response should focus on the agency's statutory authority over corporate governance activities, rather than the procedures for processing applications requiring agency approval (these procedures are discussed in Section I).

Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.

Agency Response:

BEST PRACTICE:

	Value	Rating	Score
Agency’s Rating	10		

**CREDIT UNION ONLY SECTION V
TOTAL SCORES**

		Max Score	Agency Score	% Score
SECTION V	Supervision	200		

Note: also enter data on the [Credit Union Final Score Sheet](#).

SECTION VI – LEGISLATIVE POWERS

Purpose

This section covers a series of credit union code and legislative issues important to maintaining a regulatory program that meets current and future regulatory needs. This section assumes that a well-run credit union department will operate under a code that is comprehensive and clear, changes as often as necessary, and places accountability with the supervisor. This section also addresses the Supervisor's ability to draft legislation for the Governor, legislature or other appropriate office as well as to review legislation drafted by others that would affect the department's regulatory program.

Narrative Material for the Section

The narratives should describe the scope of the authority of the state regulator and the department. They should also indicate the capacity of department personnel to participate in the legislative process.

Documentation

Much of the appropriate documentation for this section will consist of statutory references.

VI. Legislative Powers – CREDIT UNION					
A. Revising Laws, Department Duties and Responsibilities					
Describe the frequency of revision or updating the document creating the state credit union department and outlining its responsibilities and duties. Describe when the last revision occurred and any area of change needed. Are there any existing plans to recodify the state credit union laws, and when?					
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>					
Agency Response:					
<p>Best Practice: The credit union code should be reviewed in its entirety at least once every three years to determine if recodification is needed. Once the determination is made that recodification or revision is necessary, the code should be revised within 5 years.</p> <p>Department management should indicate that the credit union provides the department or the commissioner with the necessary powers to perform prescribed duties and responsibilities. Any areas needing improvement should be identified with any current actions in progress being noted.</p>					
		Agency's Rating	Value	Rating	Score
			4		

VI. Legislative Powers – CREDIT UNION			
B. Enforcement Authority			
Describe the department's statutory authority for taking enforcement actions against credit unions (e.g. informal agreements, memorandum of understanding, civil money penalties, officer and director removal, cease and desist orders, etc.).			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
BEST PRACTICE:			
		Value	Rating
		10	
			Score

VI. Legislative Powers – CREDIT UNION			
C. Involvement in Legislative Process			
Describe the department's involvement in the legislative process, including the ability to initiate legislation, review legislation, and otherwise have an impact on legislation affecting the institutions under its purview.			
<u>Once you have assigned a numerical rating, be sure to provide specific justification for the numerical rating assigned and include documentation if appropriate.</u>			
Agency Response:			
BEST PRACTICE: The department should have input into any proposed legislation regarding areas under its purview with adequate opportunity to defend the proposals before the legislature. There should be a process in place to identify and review any proposed legislation that would impact the department.			
	Agency's Rating	Value	Rating
		6	
			Score

CREDIT UNION ONLY SECTION VI

TOTAL SCORES

		Max Score	Agency Score	% Score
SECTION VI	Legislative Powers	100		

Note: also enter data on the [Credit Union Final Score Sheet](#).

CREDIT UNION FINAL SCORE SHEET
for the State of _____

		Max Score	Agency Score	% Score
SECTION I	Agency Administration and Finance	415		
SECTION II	Personnel	165		
SECTION III	Training	245		
SECTION IV	Examination	740		
SECTION V	Supervision	200		
SECTION VI	Legislative Powers	100		
TOTAL SCORE		1,865		

Agency Supervisor

Date

Supplemental pages to accompany SERA		
Total Budget		
% of increase or decrease from prior year		
Total Expenditures		
% of increase or decrease from prior year		
Training Budget		
% of Total Budget		
Total Training Expenditures *		

* Include all costs associated with training, i.e., tuition, transportation, hotels, meals. Do not include salaries.

Staffing	Current Year	Last Year
Credit Union Examiners		
Office Staff		
Other		
Vacancies – Examiners		
Vacancies- Others		
Total authorized staffing level		

Length of credit union examiner service breakdown	Current Year # Examiners	Last Year # Examiners
Under two (2) years		
Two (2) to five (5) years		
Five (5) to ten (10) years		
Over ten (10) years		

Examiner turnover ratio	%	%
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Examiner turnover breakdown	Current Year # Examiners	Last Year # Examiners
Retirement		
Resignation		
Other		

Credit Union Data	Current Year (20__)	Last Year (20 __)
1. NCUSIF-Insured		
- Number		
- Total Assets		
2. Privately-Insured		
- Number		
- Total Assets		
Number of 3 rated credit unions		
Number of 4 or 5 rated credit unions		
NCUSIF Failed ² Institutions		
Privately-Insured Failed Institutions		
Enforcement Actions		
- Initiated during the year		
- Total outstanding at year end		
8. Conversions		
---- to state charter		
---- to federal charter		
---- to other type of financial institution		

² "Failed" for purposes of this response is defined as resulting in a loss to the insurance fund.

Examinations Conducted

1. Form	Current Year (20 __)	Last Year (20 __)
Independent		
Concurrent with NCUA		
Concurrent with Other		
Joint with NCUA		
Joint with Other		
Total Examinations		

Note: Concurrent means an examination conducted by the state and the NCUA in which each prepares and signs a separate report. Joint means an exam conducted by the state and the NCUA in which both prepare and sign one report.

2. Types	Current Year (20____)	Last Year (20____)
Number		
- Full Scope		
- Modified/Limited		
- Visitations (on-site)		
- Compliance (w/federal law)		
- Compliance (w/state law)		
- IS&T		
- Trust		
- CUSOs		
Total Examinations		