

How to Use This Manual

In this changing banking environment, bankers are increasingly turning to consumer lending. This means not only being a good loan officer but also staying current with laws and regulations that affect your loan — from underwriting to administration, and even sometimes bankruptcy. Consumer lenders are expected to hit the ground running. But in many ways consumer lending is complex. There are scores of regulations, rules, requirements, and laws to consider each step of the way. And the regulatory, legal, and business risks can be formidable. For example, changes to underwriting and regulatory requirements are expected to continue and to add up quickly. There have been changes to the UCC, RESPA, and the CRA, to mention a few, and more changes are to come.

These laws and regulations — and all the others — will no doubt significantly affect the future success of your bank's consumer lending activities.

One of the most crucial aspects of making sound loans to consumers is underwriting of loans. This manual pays special attention to underwriting criteria and standards so that you not only comply with the laws and regulations but also protect the safety and soundness of your bank. And these criteria and standards are constantly changing through law or regulation or because of your specific banking environment. We discuss those regulations that govern the initial customer contact phase of loan origination; the application process, including the permissible criteria involved; disclosures and documentation required; the credit evaluation aspect, involving approval or decline; and documentation, which includes documenting the obligation, the security interest, and other collateral documents, such as guaranties. We discuss the regulations as they apply to the aspect of the consumer loan process you are concerned with.

The *Consumer Lending Compliance Service* is a one-stop reference source for all the laws and regulations that govern consumer lending activities. We have organized the manual in the same way you look at consumer lending: starting with underwriting and ending with making and administering the loan.

The result is a comprehensive guide, a road map, and an information source for lenders who handle consumer loans, for attorneys who represent banks, and for compliance officers who are in charge of bank compliance.