BUREAU OF CONSUMER FINANCIAL PROTECTION

12 CFR Part 1002

[21 CFR 1002.16(b)(2), as adopted by this interim final rule, as possibly increasing the duration of the right to a copy of an appraisal, as well as possibly increasing the duration of Regulation B’s record-keeping requirement in light of the expansion of the statute of limitations under the Dodd-Frank Act from two to five years.

II. Summary of the Interim Final Rule

A. General

The interim final rule substantially duplicates the Board’s Regulation B as the Bureau’s new Regulation B, 12 CFR Part 1002, making only certain non-substantive, technical, formatting, and stylistic changes. To minimize any potential confusion, the Bureau is preserving the numbering systems of the Board’s Regulation B, other than the new part number. While this interim final rule generally incorporates the Board’s existing regulatory text, appendices (including model forms and clauses), and supplements, as amended, the rule has been edited as necessary to reflect nomenclature and other technical amendments required by the Dodd-Frank Act. Notably this interim final rule does not impose any new substantive obligations on regulated entities. In future rulemakings, the Bureau expects to amend Regulation B to implement certain other changes to ECOA made by the Dodd-Frank Act, such as the addition of small business loan data collection and changes to consumers’ right to a copy of an appraisal, as well as possibly increasing the duration of Regulation B’s record-keeping requirement in light of the expansion of the statute of limitations under the Dodd-Frank Act from two to five years.

B. Specific Changes

The Bureau has made certain nomenclature and other non-substantive changes consistently throughout Regulation B. References to the Board and its administrative structure have been replaced with references to the Bureau. Conforming edits have been made to internal cross-references and addresses for filing applications and notices. Conforming edits have also been made to reflect the scope of the Bureau’s authority pursuant to ECOA, as amended by the Dodd-Frank Act. Historical references that are no longer applicable, and references to effective dates that have passed, have been removed as appropriate. In addition, certain changes have been made to the text of the Board’s Regulation B to conform to current codification standards of the Code of Federal Regulations. For example, footnotes have been eliminated and their substance moved to the body of the regulation as appropriate. Finally, § 1002.16(b)(2), as adopted by this
interim final rule, reflects the five-year statute of limitations for civil actions under ECOA or Regulation B, as increased from the previous two years by the Dodd-Frank Act.

The Board’s Appendix A has been revised in this interim final rule to update the Federal agencies that should be listed by particular categories of creditors in adverse action notices pursuant to §1002.9(b)(1). Thus, the list has been revised to reflect the elimination of the Office of Thrift Supervision and the grant of enforcement authority under ECOA to the Bureau for depository institutions and credit unions with total assets of more than $10 billion and their affiliates.4

With regard to nonbank creditors (other than affiliates of large depository institutions and credit unions), the interim final rule has left the language of Appendix A to the Board’s Regulation B, 12 CFR Part 202, unchanged for the time being. The Dodd-Frank Act assigned the Bureau enforcement authority with respect to such nonbank entities generally and created an Office of Fair Lending and Equal Opportunity within the Bureau to focus on fair, equitable, and nondiscriminatory access to credit.5 The interim rule’s Appendix A has been adjusted to focus on the Federal agencies that should be identified in adverse action notices pursuant to §1002.9(b)(1). As revised, Appendix A is therefore not intended to describe the allocation of enforcement authority for ECOA and Regulation B following Dodd-Frank, but rather to specify efficient points of contact. The Bureau expects that agencies that receive ECOA complaints or inquiries will share that information with other agencies as appropriate. The Bureau intends to work closely with other relevant Federal agencies regarding the optimal intake and routing of fair lending complaints and inquiries for nonbank entities. Thus, the Bureau has delayed making additional updates to Appendix A pending this interagency coordination.

III. Legal Authority

A. Rulemaking Authority

The Bureau is issuing this interim final rule pursuant to its authority under ECOA and the Dodd-Frank Act. Effective July 21, 2011, section 1061 of the Dodd-Frank Act transferred to the Bureau the “consumer financial protection functions” previously vested in certain other Federal agencies. The term “consumer financial protection functions” is defined to include “all authority to prescribe rules or issue orders or guidelines pursuant to any Federal consumer financial law, including performing appropriate functions to promulgate and review such rules, orders, and guidelines.”6 The ECOA is a Federal consumer financial law.7 Accordingly, effective July 21, 2011, except with respect to persons excluded from the Bureau’s rulemaking authority by section 1029 of the Dodd-Frank Act, the authority of the Board to issue regulations pursuant to ECOA transferred to the Bureau.8

The ECOA, as amended, authorizes the Bureau to issue regulations to carry out the provisions of ECOA.9 These regulations may contain such classifications, differentiations, or other provisions, and may provide for such adjustments and exceptions for any class of transactions, that in the Bureau’s judgment are necessary or proper to effectuate the purpose of ECOA, to prevent circumvention or evasion of ECOA, or to facilitate or substantiate compliance with ECOA.10 In its existing regulation, the Board used this ECOA authority to establish extensive rules concerning the taking and evaluation of credit applications, procedures and notices for credit denials and other adverse action, and the treatment of persons other than the applicant on credit documents.11

B. Authority To Issue an Interim Final Rule Without Prior Notice and Comment

The Administrative Procedure Act (APA)12 generally requires public notice and an opportunity to comment before promulgation of regulations.13

The APA provides exceptions to notice-and-comment procedures, however, where an agency for good cause finds that such procedures are impracticable, unnecessary, or contrary to the public interest or when a rulemaking relates to agency organization, procedure, and practice.14 The Bureau finds that there is good cause to conclude that providing notice and opportunity for comment would be unnecessary and contrary to the public interest under these circumstances. In addition, substantially all the changes made by this interim rule, which were necessitated by the Dodd-Frank Act’s transfer of ECOA authority from the Board to the Bureau, relate to agency organization, procedure, and practice and are thus exempt from the APA’s notice-and-comment requirements.

The Bureau’s good cause findings are based on the following considerations. As an initial matter, the Board’s existing regulation was a result of notice-and-comment rulemaking to the extent required. Moreover, the interim final rule published today does not impose any new, substantive obligations on regulated entities. Rather, the interim final rule makes only non-substantive, technical changes to the existing text of the regulation, such as renumbering, changing internal cross-references, replacing appropriate nomenclature to reflect the transfer of authority to the Bureau, updating the statute of limitations for civil actions to conform with the amendments of ECOA, and changing the addresses of the Federal agencies identified in adverse action notices. Given the technical nature of these changes, and the fact that the interim final rule does not impose any additional substantive requirements on covered entities, an opportunity for prior public comment is unnecessary. In addition, recodifying the Board’s regulations to reflect the transfer of authority to the Bureau will help facilitate compliance with ECOA and its implementing regulations and will help reduce uncertainty regarding the applicable regulatory framework. Using notice-and-comment procedures would delay this process and thus be contrary to the public interest.

The APA generally requires that rules be published not less than 30 days before their effective dates. See 5 U.S.C. 553(d). As with the notice and comment requirement, however, the APA allows an exception when “otherwise provided by the agency for good cause found and published with the rule.” 5 U.S.C. 553(d)(3). The Bureau finds that there is good cause for providing less than 30

5 The FTC retains the ECOA enforcement authority that it possessed prior to the Dodd-Frank Act. See 15 U.S.C. 1691e(c); Public Law 111–203, section 1001(b)(5)(C)(i).
6 Public Law 111–203, section 1061(a)(1).
7 See the Board’s Regulation B, 12 CFR part 202.
9 See the Board’s Regulation B, 12 CFR part 202.
10 5 U.S.C. 553(a).
days notice here. A delayed effective date would harm consumers and regulated entities by needlessly perpetuating discrepancies between the amended statutory text and the implementing regulation, thereby hindering compliance and prolonging uncertainty regarding the applicable regulatory framework.15

In addition, delaying the effective date of the interim final rule for 30 days would provide no practical benefit to regulated entities in this context and in fact could operate to their detriment. As discussed above, the interim final rule published today does not impose any new substantive obligations on regulated entities. Instead, the rule makes only non-substantive, technical changes to the existing text of the regulation. Thus, regulated entities that are already in compliance with the existing rules will not need to modify business practices as a result of this rule. To the extent that one-time modifications to forms are required, the Bureau has provided an ample implementation period to allow appropriate advance notice and facilitate compliance without suspending the benefits of the interim final rule during the intervening period.

C. Section 1022(b)(2) of the Dodd-Frank Act

In developing the interim final rule, the Bureau has conducted an analysis of potential benefits, costs, and impacts.16 The Bureau believes that the interim final rule will benefit consumers and covered persons by updating and recodifying Regulation B to reflect the transfer of authority to the Bureau and certain other changes mandated by the Dodd-Frank Act. This will help facilitate compliance with ECOA and its implementing regulations and help reduce any uncertainty regarding the applicable regulatory framework. Although the interim final rule will require the modification of forms to reflect the transfer of authority to the Bureau, as discussed below, the interim final rule will not impose any new substantive obligations on consumers or covered persons and is not expected to have any impact on consumers’ access to consumer financial products and services.

As a general matter, this interim final rule does not impose additional reporting, disclosure or other requirements beyond those previously in existence. As discussed above in part II of this SUPPLEMENTARY INFORMATION, consistent with the existing regulation, the Bureau’s § 1002.9(b)(1) requires creditors to provide a statement of an applicant’s rights under ECOA when adverse action is taken, and this statement must include the name and address of the appropriate Federal agency or agencies identified in Appendix A. The Bureau’s new Appendix A adds the Bureau and makes other changes to reflect the elimination of the Office of Thrift Supervision, consistent with the transfer of authority under the Dodd-Frank Act. To afford creditors sufficient time to modify their existing forms, § 1002.9(b)(1) provides creditors the option of including the Federal agency as identified in the Board’s existing Appendix A until January 1, 2013.

Thus, by January 1, 2013, certain categories of creditors will need to make one-time revisions to their adverse action forms. The Bureau estimates that these changes will take four hours per form, per creditor; the precise number of form changes varies with the type of affected creditor. The Bureau thus estimates that these changes will impose a total cost of roughly $148,000 spread across approximately 1,000 creditors. These costs may be overstated to the extent that multiple creditors use the same software vendors, who are able to spread any costs over all of their affected clients. These estimates may also be overstated because the Bureau is giving affected creditors one year to effect the changes, thus allowing affected creditors to include the changes in routine, scheduled systems updates during the next one-year period. Changes to the affected disclosures ultimately will provide ongoing benefits to consumers by providing them with accurate information on appropriate agencies to contact with complaints or inquiries regarding potential ECOA violations.

Although not required by the interim final rule, affected creditors may incur some costs in updating compliance manuals and related materials to reflect the new numbering and other technical changes reflected in the new Regulation B. The Bureau has worked to reduce any such burden by preserving the existing numbering to the extent possible, and believes that such costs will likely be minimal. These changes could be handled in the short term by providing a short, standalone summary alerting users to the changes and in the long term could be combined with other systems updates at the creditor’s convenience. The Bureau intends to continue investigating the possible costs to affected entities of updating manuals and related materials to reflect these changes and solicits comments on this and other issues discussed in this section.

The interim final rule will have no unique impact on depository institutions or credit unions with $10 billion or less in assets as described in section 1026(a) of the Dodd-Frank Act. Also, the interim final rule will have no unique impact on rural consumers.

In undertaking the process of recodifying Regulation B, as well as regulations implementing thirteen other existing consumer financial laws,17 the Bureau consulted the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, the Board of Governors of the Federal Reserve System, the Federal Trade Commission, and the Department of Housing and Urban Development, including with respect to consistency with any prudential, market, or systemic objectives that may be administered by such agencies.18 The Bureau also has...
consulted with the Office of Management and Budget for technical assistance. The Bureau expects to have further consultations with the appropriate Federal agencies during the comment period.

IV. Request for Comment

Although notice and comment rulemaking procedures are not required, the Bureau invites comments on this notice. Commenters are specifically encouraged to identify any technical issues raised by the rule. The Bureau is also seeking comment in response to a notice published at 76 FR 75825 (Dec. 5, 2011) concerning its efforts to identify priorities for streamlining regulations that it has inherited from other Federal agencies to address provisions that are outdated, unduly burdensome, or unnecessary.

V. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, requires each agency to consider the potential impact of its regulations on small entities, including small businesses, small governmental units, and small not-for-profit organizations.19 The RFA generally requires an agency to conduct an initial regulatory flexibility analysis (IRFA) and a final regulatory flexibility analysis (FRFA) of any rule subject to notice-and-comment rulemaking requirements, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities.20 The Bureau also is subject to certain additional procedures under the RFA involving the convening of a panel to consult with small business representatives prior to proposing a rule for which an IRFA is required.21

The IRFA and FRFA requirements described above apply only where a notice of proposed rulemaking is required, and the panel requirement applies only when a rulemaking requires an IRFA.22 As discussed above in part III, a notice of proposed rulemaking is not required for this rulemaking.

In addition, as discussed above, this interim final rule has only a minor impact on entities subject to Regulation B. Accordingly, the undersigned certifies that this interim final rule will not have a significant economic impact on a substantial number of small entities. The rule imposes no new, substantive obligations on covered entities and will require only minor, one-time adjustments to certain model forms, as discussed in part III above. Moreover, as noted, the per-creditor cost estimate discussed above may be overstated to the extent that multiple creditors use the same software vendors, who are able to spread costs over all of their affected clients. Small entities, in particular, are especially likely to rely on outside vendors for disclosure compliance systems and therefore may have even less burden in complying with the one-time changes required by this interim final rule.

VI. Paperwork Reduction Act

The Bureau may not conduct or sponsor, and a respondent is not required to respond, to an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. This rule contains information collection requirements under the Paperwork Reduction Act (PRA), which have been previously approved by OMB, and the ongoing PRA burden for which is unchanged by this rule. There are no new information collection requirements in this interim final rule. The Bureau’s OMB control number for this information collection is: 3170–0013.

List of Subjects in 12 CFR Part 1002

Aged, Banks, Banking, Civil rights, Consumer protection, Credit, Credit unions, Discrimination, Fair lending, Marital status discrimination, National banks, National origin discrimination, Penalties, Race discrimination, Religious discrimination, Reporting and recordkeeping requirements, Savings associations, Sex discrimination.

Authority and Issuance

For the reasons set forth above, the Bureau of Consumer Financial Protection adds Part 1002 to Chapter X in Title 12 of the Code of Federal Regulations to read as follows:

PART 1002—EQUAL CREDIT OPPORTUNITY ACT (REGULATION B)

Sec.

1002.1 Authority, scope and purpose.

1002.2 Definitions.

1002.3 Limited exceptions for certain classes of transactions.

1002.4 General rules.

1002.5 Rules concerning requests for information.

1002.6 Rules concerning evaluation of applications.

1002.7 Rules concerning extensions of credit.

1002.8 Special purpose credit programs.

1002.9 Notifications.

1002.10 Furnishing of credit information.

1002.11 Relation to state law.

1002.12 Record retention.

1002.13 Information for monitoring purposes.

1002.14 Rules on providing appraisal reports.

1002.15 Incentives for self-testing and self-correction.

1002.16 Enforcement, penalties and liabilities.

Appendix A to Part 1002—Federal Agencies To Be Listed in Adverse Action Notices

Appendix B to Part 1002—Model Application Forms

Appendix C to Part 1002—Sample Notification Forms

Appendix D to Part 1002—Issuance of Official Interpretations

Supplement I to Part 1002—Official Interpretations


§ 1002.1 Authority, scope and purpose.

(a) Authority and scope. This part, known as Regulation B, is issued by the Bureau of Consumer Financial Protection (Bureau) pursuant to Title VII (Equal Credit Opportunity Act) of the Consumer Credit Protection Act, as amended (15 U.S.C. 1601 et seq.).

Except as otherwise provided herein, this part applies to all persons who are creditors, as defined in §1002.2(l), other than a person excluded from coverage of this part by section 1029 of the Consumer Financial Protection Act of 2010, Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376. Information collection requirements contained in this part have been approved by the Office of Management and Budget under the provisions of 44 U.S.C. 3501 et seq. and have been assigned OMB No. 3170–0013.

(b) Purpose. The purpose of this part is to promote the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to contract); to the fact that all or part of the applicant’s income derives from a public assistance program; or to the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The regulation prohibits creditor practices that discriminate on the basis of any of these factors. The regulation also requires creditors to notify applicants of action taken on their applications; to report credit history in the names of both spouses on an account; to retain records
of credit applications; to collect information about the applicant’s race and other personal characteristics in applications for certain dwelling-related loans; and to provide applicants with copies of appraisal reports used in connection with credit transactions.

§ 1002.2 Definitions.

For the purposes of this part, unless the context indicates otherwise, the following definitions apply.

(a) Account means an extension of credit. When employed in relation to an account, the word use refers only to open-end credit.

(b) Act means the Equal Credit Opportunity Act (Title VII of the Consumer Credit Protection Act).

(c) Adverse action. (1) The term means:

(i) A refusal to grant credit in substantially the amount or on substantially the terms requested in an application unless the creditor makes a counteroffer (to grant credit in a different amount or on other terms) and the applicant uses or expressly accepts the credit offered;

(ii) A termination of an account or an unfavorable change in the terms of an account that does not affect all or substantially all of a class of the creditor’s accounts; or

(iii) A refusal to increase the amount of credit available to an applicant who has made an application for an increase.

(2) The term does not include:

(i) A change in the terms of an account expressly agreed to by an applicant;

(ii) Any action or forbearance relating to an account taken in connection with inactivity, default, or delinquency as to that account;

(iii) A refusal or failure to authorize an account transaction at point of sale or loan, except when the refusal is a termination or an unfavorable change in the terms of an account that does not affect all or substantially all of a class of the creditor’s accounts, or when the refusal is a denial of an application for an increase in the amount of credit available under the account;

(iv) A refusal to extend credit because applicable law prohibits the creditor from extending the credit requested; or

(v) A refusal to extend credit because the creditor does not offer the type of credit or credit plan requested.

(3) An action that falls within the definition of both paragraphs (c)(1) and (c)(2) of this section is governed by paragraph (c)(2) of this section.

(d) Age refers only to the age of natural persons and means the number of fully elapsed years from the date of an applicant’s birth.

(e) Applicant means any person who requests or who has received an extension of credit from a creditor, and includes any person who is or may become contractually liable regarding an extension of credit. For purposes of §1002.7(d), the term includes guarantors, sureties, endorsers, and similar parties.

(f) Application means an oral or written request for an extension of credit that is in accordance with procedures used by a creditor for the type of credit requested. The term application does not include the use of an account or line of credit to obtain an amount of credit that is within a previously established credit limit. A completed application means an application in connection with which a creditor has received all the information that the creditor regularly obtains and considers in evaluating applications for the amount and type of credit requested (including, but not limited to, credit reports, any additional information requested from the applicant, and any approvals or reports by governmental agencies or other persons that are necessary to guarantee, insure, or provide security for the credit or collateral). The creditor shall exercise reasonable diligence in obtaining such information.

(g) Business credit refers to extensions of credit primarily for business or commercial (including agricultural) purposes, but excluding extensions of credit of the types described in §§1002.3(a)–(d).

(h) Consumer credit means credit extended to a natural person primarily for personal, family, or household purposes.

(i) Contractually liable means expressly obligated to repay all debts arising on an account by reason of an agreement to that effect.

(j) Credit means the right granted by a creditor to an applicant to defer payment of a debt, incur debt and defer its payment, or purchase property or services and defer payment therefor.

(k) Credit card means any card, plate, coupon book, or other single credit device that may be used from time to time to obtain money, property, or services on credit.

(l) Creditor means a person who, in the ordinary course of business, regularly participates in a credit decision, including setting the terms of the credit. The term creditor includes a creditor’s assignee, transferee, or subrogee who so participates. For purposes of §§1002.4(a) and (b), the term creditor also includes a person who, in the ordinary course of business, regularly refers applicants or prospective applicants to creditors, or selects or offers to select creditors to whom requests for credit may be made. A person is not a creditor regarding any violation of the Act or this part committed by another creditor unless the person knew or had reasonable notice of the act, policy, or practice that constituted the violation before becoming involved in the credit transaction. The term does not include a person whose only participation in a credit transaction involves honoring a credit card.

(m) Credit transaction means every aspect of an applicant’s dealings with a creditor regarding an application for credit or an existing extension of credit (including, but not limited to, information requirements; investigation procedures; standards of creditworthiness; terms of credit; furnishing of credit information; revocation, alteration, or termination of credit; and collection procedures).

(n) Discriminate against an applicant means to treat an applicant less favorably than other applicants.

(o) Elderly means age 62 or older.

(p) Empirically derived and other credit scoring systems. (1) A credit scoring system is a system that evaluates an applicant’s creditworthiness mechanistically, based on key attributes of the applicant and aspects of the transaction, and that determines, alone or in conjunction with an evaluation of additional information about the applicant, whether an applicant is deemed creditworthy. To qualify as an empirically derived, demonstrably and statistically sound, credit scoring system, the system must be:

(i) Based on data that are derived from an empirical comparison of sample groups or the population of creditworthy and non-creditworthy applicants who applied for credit within a reasonable preceding period of time;

(ii) Developed for the purpose of evaluating the creditworthiness of applicants with respect to the legitimate business interests of the creditor utilizing the system (including, but not limited to, minimizing bad debt losses and operating expenses in accordance with the creditor’s business judgment);

(iii) Developed and validated using accepted statistical principles and methodology; and

(iv) Periodically revalidated by the use of appropriate statistical principles and methodology and adjusted as necessary to maintain predictive ability.

(2) A creditor may use an empirically derived, demonstrably and statistically sound, credit scoring system obtained from another person or may obtain credit experience from which to develop
such a system. Any such system must satisfy the criteria set forth in paragraph (p)(1)(i) through (iv) of this section; if the creditor is unable during the development process to validate the system based on its own credit experience in accordance with paragraph (p)(1) of this section, the system must be validated when sufficient credit experience becomes available. A system that fails this validity test is no longer an empirically derived, demonstrably and statistically sound, credit scoring system for that creditor.

(q) Extend credit and extension of credit mean the granting of credit in any form (including, but not limited to, credit granted in addition to any existing credit or credit limit; credit granted pursuant to an open-end credit plan; the refinancing or other renewal of credit, including the issuance of a new credit card in place of an expiring credit card or in substitution for an existing credit card; the consolidation of two or more obligations; or the continuance of existing credit without any special effort to collect at or after maturity).

(r) Good faith means honesty in fact in the conduct or transaction.

(s) Inadvertent error means a mechanical, electronic, or clerical error that a creditor demonstrates was not intentional and occurred notwithstanding the maintenance of procedures reasonably adapted to avoid such errors.

(t) Judgmental system of evaluating applicants means any system for evaluating the creditworthiness of an applicant other than an empirically derived, demonstrably and statistically sound, credit scoring system.

(u) Marital status means the state of being unmarried, married, or separated, as defined by applicable state law. The term “unmarried” includes persons who are single, divorced, or widowed.

(v) Negative factor or value, in relation to the age of elderly applicants, means utilizing a factor, value, or weight that is less favorable regarding elderly applicants than the creditor’s experience warrants or is less favorable than the factor, value, or weight assigned to the class of applicants that are not classified as elderly and are most favored by a creditor on the basis of age.

(w) Open-end credit means credit extended under a plan in which a creditor may permit an applicant to make purchases or obtain loans from time to time directly from the creditor or indirectly by use of a credit card, check, or other device.

(x) Person means a natural person, corporation, government or governmental subdivision or agency, trust, estate, partnership, cooperative, or association.

(y) Pertinent element of creditworthiness, in relation to a judgmental system of evaluating applicants, means any information about applicants that a creditor obtains and considers and that has a demonstrable relationship to a determination of creditworthiness.

(2) Prohibited basis means race, color, religion, national origin, sex, marital status, or age (provided that the applicant has the capacity to enter into a binding contract); the fact that all or part of the applicant’s income derives from any public assistance program; or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any state law upon which an exemption has been granted by the Bureau.

(aa) State means any state, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States.

§1002.3 Limited exceptions for certain classes of transactions.

(a) Public utilities credit. (1) Definition. Public utilities credit refers to extensions of credit that involve public utility services provided through pipe, wire, or other connected facilities, or radio or similar transmission (including extensions of such facilities), if the charges for service, delayed payment, and any discount for prompt payment are filed with or regulated by a government unit.

(2) Exceptions. The following provisions of this part do not apply to public utilities credit:

(i) Section 1002.5(d)(1) concerning information about marital status; and
(ii) Section 1002.12(b) relating to record retention.

(b) Securities credit. (1) Definition. Securities credit refers to extensions of credit subject to regulation under section 7 of the Securities Exchange Act of 1934 or extensions of credit by a broker or dealer subject to regulation as a broker or dealer under the Securities Exchange Act of 1934.

(2) Exceptions. The following provisions of this part do not apply to securities credit:

(i) Section 1002.5(b) concerning information about the sex of an applicant;
(ii) Section 1002.5(c) concerning information about a spouse or former spouse;
(iii) Section 1002.5(d)(1) concerning information about marital status;
(iv) Section 1002.5(d)(2) concerning information about income derived from alimony, child support, or separate maintenance payments;
(v) Section 1002.7(d) relating to the signature of a spouse or other person; and
(vi) Section 1002.9 relating to notifications.

(c) Incidental credit. (1) Definition. Incidental credit refers to extensions of consumer credit other than the types described in paragraphs (a) and (b) of this section:

(i) That are not made pursuant to the terms of a credit card account;
(ii) That are not subject to a finance charge (as defined in Regulation Z, 12 CFR 1026.4); and
(iii) That are not payable by agreement in more than four installments.

(2) Exceptions. The following provisions of this part do not apply to incidental credit:

(i) Section 1002.5(b) concerning information about the sex of an applicant, but only to the extent necessary for medical records or similar purposes;
(ii) Section 1002.5(c) concerning information about a spouse or former spouse;
(iii) Section 1002.5(d)(1) concerning information about marital status;
(iv) Section 1002.5(d)(2) concerning information about income derived from alimony, child support, or separate maintenance payments;
(v) Section 1002.7(d) relating to the signature of a spouse or other person; and
(vi) Section 1002.9 relating to notifications.

(d) Government credit. (1) Definition. Government credit refers to extensions of credit made to governments or governmental subdivisions, agencies, or instrumentalities.

(2) Applicability of regulation. Except for §1002.4(a), the general rule against discrimination on a prohibited basis, the requirements of this part do not apply to government credit.

§1002.4 General rules.

(a) Discrimination. A creditor shall not discriminate against an applicant on
a prohibited basis regarding any aspect of a credit transaction.

(b) Discouragement. A creditor shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.

(c) Written applications. A creditor shall take written applications for the dwelling-related types of credit covered by §1002.13(a).

(d) Form of disclosures. (1) General rule. A creditor that provides in writing any disclosures or information required by this part must provide the disclosures in a clear and conspicuous manner and, except for the disclosures required by §§1002.5 and 1002.13, in a form the applicant may retain.

(2) Disclosures in electronic form. The disclosures required by this part that are required to be given in writing may be provided to the applicant in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (15 U.S.C. 7001 et seq.). Where the disclosures under §§1002.5(b)(1), 1002.5(b)(2), 1002.5(d)(1), 1002.5(d)(2), 1002.13, and 1002.14(a)(2)(i) accompany an application accessed by the applicant in electronic form, these disclosures may be provided to the applicant in electronic form on or with the application form, without regard to the consumer consent or other provisions of the E-Sign Act.

(e) Foreign-language disclosures. Disclosures may be made in languages other than English, provided they are available in English upon request.

§1002.5 Rules concerning requests for information.

(a) General rules. (1) Requests for information. Except as provided in paragraphs (b) through (d) of this section, a creditor may request any information in connection with a credit transaction. This paragraph does not limit or abrogate any Federal or state law regarding privacy, privileged information, credit reporting limitations, or similar restrictions on obtainable information.

(2) Required collection of information. Notwithstanding paragraphs (b) through (d) of this section, a creditor shall request information for monitoring purposes as required by §1002.13 for credit secured by the applicant’s dwelling. In addition, a creditor may obtain information required by a regulation, order, or agreement issued by, or entered into with, a court or an enforcement agency (including the Attorney General of the United States or a similar state official) to monitor or enforce compliance with the Act, this part, or other Federal or state statutes or regulations.

(3) Special-purpose credit. A creditor may obtain information that is otherwise restricted to determine eligibility for a special purpose credit program, as provided in §§1002.8(b), (c), and (d).

(b) Limitation on information about race, color, religion, national origin, or sex. A creditor shall not inquire about the race, color, religion, national origin, or sex of an applicant or any other person in connection with a credit transaction, except as provided in paragraphs (b)(1) and (b)(2) of this section.

(1) Self-test. A creditor may inquire about the race, color, religion, national origin, or sex of an applicant or any other person in connection with a credit transaction for the purpose of conducting a self-test that meets the requirements of §1002.15. A creditor that makes such an inquiry shall disclose orally or in writing, at the time the information is requested, that:

(i) The applicant will not be required to provide the information;

(ii) The creditor is requesting the information to monitor its compliance with the Federal Equal Credit Opportunity Act;

(iii) Federal law prohibits the creditor from discriminating on the basis of this information, or on the basis of an applicant’s decision not to furnish the information; and

(iv) If applicable, certain information will be collected based on visual observation or surname if not provided by the applicant or other person.

(2) Sex. An applicant may be requested to designate a title on an application form (such as Ms., Miss, Mr., or Mrs.) if the form discloses that the designation of a title is optional. An application form shall otherwise use only terms that are neutral as to sex.

(c) Information about a spouse or former spouse. (1) General rule. Except as permitted in this paragraph, a creditor may not request any information concerning the spouse or former spouse of an applicant.

(2) Permissible inquiries. A creditor may request any information concerning an applicant’s spouse (or former spouse under paragraph (c)(2)(v) of this section) that may be requested about the applicant if:

(i) The spouse will be permitted to use the account;

(ii) The spouse will be contractually liable on the account;

(iii) The applicant is relying on the spouse’s income as a basis for repayment of the credit requested;

(iv) The applicant resides in a community property state or is relying on property located in such a state as a basis for repayment of the credit requested; or

(v) The applicant is relying on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repayment of the credit requested.

(d) Other accounts of the applicant. A creditor may request that an applicant list any account on which the applicant is contractually liable and to provide the name and address of the person in whose name the account is held. A creditor may also ask an applicant to list the names in which the applicant has previously received credit.

(e) Information about a spouse or former spouse. A creditor may inquire about the marital status of an applicant, but shall use only the terms married, unmarried, and separated. A creditor may explain that the category unmarried includes single, divorced, and widowed persons.

(f) Other limitations on information requests. (1) Marital status. If an applicant applies for individual unsecured credit, a creditor shall not inquire about the applicant’s marital status unless the applicant resides in a community property state or is relying on property located in such a state as a basis for repayment of the credit requested. If an application is for other than individual unsecured credit, a creditor may inquire about the applicant’s marital status, but shall use only the terms married, unmarried, and separated. A creditor may explain that the category unmarried includes single, divorced, and widowed persons.

(2) Disclosure about income from alimony, child support, or separate maintenance. A creditor shall not inquire whether income stated in an application is derived from alimony, child support, or separate maintenance payments unless the creditor discloses to the applicant that such income need not be revealed if the applicant does not want the creditor to consider it in determining the applicant’s creditworthiness.

(3) Childbearing, childrearing. A creditor shall not inquire about birth control practices, intentions concerning the bearing or rearing of children, or capability to bear children. A creditor may inquire about the number and ages of an applicant’s dependents or about dependent-related financial obligations or expenditures, provided such information is requested without regard to sex, marital status, or any other prohibited basis.

(e) Permanent residency and immigration status. A creditor may inquire about the permanent residency and immigration status of an applicant or any other person in connection with a credit transaction.
§ 1002.6 Rules concerning evaluation of applications.

(a) General rule concerning use of information. Except as otherwise provided in the Act and this part, a creditor may consider any information obtained, so long as the information is not used to discriminate against an applicant on a prohibited basis. The legislative history of the Act indicates that the Congress intended an “effects test” concept, as outlined in the employment field by the Supreme Court in the cases of Griggs v. Duke Power Co., 401 U.S. 424 (1971), and Albemarle Paper Co. v. Moody, 422 U.S. 405 (1975), to be applicable to a creditor’s determination of creditworthiness.

(b) Specific rules concerning use of information. (1) Except as provided in the Act and this part, a creditor shall not take a prohibited basis into account in any system of evaluating the creditworthiness of applicants.

(2) Age, receipt of public assistance.

(i) Except as permitted in this paragraph, a creditor shall not take into account an applicant’s age (provided that the applicant has the capacity to enter into a binding contract) or whether an applicant’s income derives from any public assistance program.

(ii) In an empirically derived, demonstrably and statistically sound, credit scoring system, a creditor may use an applicant’s age as a predictive variable, provided that the age of an elderly applicant is not assigned a negative factor or value.

(iii) In a judgmental system of evaluating creditworthiness, a creditor may consider an applicant’s age or whether an applicant’s income derives from any public assistance program only for the purpose of determining a pertinent element of creditworthiness.

(iv) In any system of evaluating creditworthiness, a creditor may consider the age of an elderly applicant when such age is used to favor the elderly applicant in extending credit.

(3) Childbearing, childrearing. In evaluating creditworthiness, a creditor shall not make assumptions or use aggregate statistics relating to the likelihood that any category of persons will bear or rear children or will, for that reason, receive diminished or interrupted income in the future.

(4) Telephone listing. A creditor shall not take into account whether there is a telephone listing in the name of an applicant for consumer credit but may take into account whether there is a telephone in the applicant’s residence.

(5) Income. A creditor shall not disclose or exclude from consideration the income of an applicant or the spouse of an applicant because of a prohibited basis or because the income is derived from part-time employment or is an annuity, pension, or other retirement benefit; a creditor may consider the amount and probable continuance of any income in evaluating an applicant’s creditworthiness. When an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, the creditor shall consider such payments as income to the extent that they are likely to be consistently made.

(6) Credit history. To the extent that a creditor considers credit history in evaluating the creditworthiness of similarly qualified applicants for a similar type and amount of credit, in evaluating an applicant’s creditworthiness a creditor shall consider:

(i) The credit history, when available, of accounts designated as accounts that the applicant and the applicant’s spouse are permitted to use or for which both are contractually liable.

(ii) On the applicant’s request, any information the applicant may present that tends to indicate the credit history being considered by the creditor does not accurately reflect the applicant’s creditworthiness; and

(iii) On the applicant’s request, the credit history, when available, of any account reported in the name of the applicant’s spouse or former spouse that the applicant can demonstrate accurately reflects the applicant’s creditworthiness.

(7) Immigration status. A creditor may consider the applicant’s immigration status or status as a permanent resident of the United States, and any additional information that may be necessary to ascertain the creditor’s rights and remedies regarding repayment.

(8) Marital status. Except as otherwise permitted or required by law, a creditor shall not treat applicants differently based on the existence, absence, or likelihood of a marital relationship between the parties.

(9) Race, color, religion, national origin, sex. Except as otherwise permitted or required by law, a creditor shall not consider race, color, religion, national origin, or sex (or an applicant’s or other person’s decision not to provide the information) in any aspect of a credit transaction.

(c) State property laws. A creditor’s consideration or application of state property laws directly or indirectly affecting creditworthiness do not constitute unlawful discrimination for the purposes of the Act or this part.

§ 1002.7 Rules concerning extensions of credit.

(a) Individual accounts. A creditor shall not refuse to grant an individual account to a creditworthy applicant on the basis of sex, marital status, or any other prohibited basis.

(b) Designation of name. A creditor shall not refuse to allow an applicant to open or maintain an account in a birth—given first name and a surname that is the applicant’s birth—given surname, the spouse’s surname, or a combined surname.

(c) Action concerning existing open-end accounts. (1) Limitations. In the absence of evidence of the applicant’s inability or unwillingness to repay, a creditor shall not take any of the following actions regarding an applicant who is contractually liable on an existing open-end account on the basis of the applicant’s reaching a certain age or retiring or on the basis of a change in the applicant’s name or marital status:

(i) Require a reapplication, except as provided in paragraph (c)(2) of this section;

(ii) Change the terms of the account; or

(iii) Terminate the account.

(2) Requiring reapplication. A creditor may require a reapplication for an open-end account on the basis of a change in the marital status of an applicant who is contractually liable if the credit granted was based in whole or in part on income of the applicant’s spouse and if information available to the creditor indicates that the applicant’s income may not support the amount of credit currently available.

(d) Signature of spouse or other person. (1) Rule for qualified applicant. Except as provided in this paragraph, a creditor shall not require the signature of an applicant’s spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under the creditor’s standards of creditworthiness for the amount and terms of the credit requested. A creditor shall not deem the submission of a joint financial statement or other evidence of jointly held assets as an application for joint credit.

(2) Unsecured credit. If an applicant requests unsecured credit and relies in part upon property that the applicant owns jointly with another person to satisfy the creditor’s standards of creditworthiness, the creditor may require the signature of the other person only on the instrument(s) necessary, or reasonably believed by the creditor to be necessary, under the law of the state in which the property is located, to enable the creditor to reach the property being
relied upon in the event of the death or default of the applicant.  
(3) Unsecured credit—community property states. If a married applicant requests unsecured credit and resides in a community property state, or if the applicant is relying on property located in such a state, a creditor may require the signature of the spouse on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable state law to make the community property available to satisfy the debt in the event of default if:  
(i) Applicable state law denies the applicant power to manage or control sufficient community property to qualify for the credit requested under the creditor’s standards of creditworthiness; and  
(ii) The applicant does not have sufficient separate property to qualify for the credit requested without regard to community property.  
(4) Secured credit. If an applicant requests secured credit, a creditor may require the signature of the applicant’s spouse or other person on any instrument necessary, or reasonably believed by the creditor to be necessary, under applicable state law to make the property being offered as security available to satisfy the debt in the event of default, for example, an instrument to create a valid lien, pass clear title, waive inchoate rights, or assign earnings.  
(5) Additional parties. If, under a creditor’s standards of creditworthiness, the personal liability of an additional party is necessary to support the credit requested, a creditor may request a cosigner, guarantor, endorser, or similar party. The applicant’s spouse may serve as an additional party, but the creditor shall not require that the spouse be the additional party.  
(6) Rights of additional parties. A creditor shall not impose requirements upon an additional party that the creditor is prohibited from imposing upon an applicant under this section.  
(e) Insurance. A creditor shall not refuse to extend credit and shall not terminate an account because credit life, health, accident, disability, or other credit-related insurance is not available on the basis of the applicant’s age.

§ 1002.8 Special purpose credit programs.  
(a) Standards for programs. Subject to the provisions of paragraph (b) of this section, the Act and this part permit a creditor to extend special purpose credit to applicants who meet eligibility requirements under the following types of credit programs:  
(1) Any credit assistance program expressly authorized by Federal or state law for the benefit of an economically disadvantaged class of persons;  
(2) Any credit assistance program offered by a not-for-profit organization, as defined under section 501(c) of the Internal Revenue Code of 1954, as amended, for the benefit of its members or for the benefit of an economically disadvantaged class of persons; or  
(3) Any special purpose credit program offered by a for-profit organization, or in which such an organization participates to meet special social needs, if:  
(i) The program is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit pursuant to the program; and  
(ii) The program is established and administered to extend credit to a class of persons who, under the organization’s customary standards of creditworthiness, probably would not receive such credit or would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit.  
(b) Rules in other sections. (1) General applicability. All the provisions of this part apply to each of the special purpose credit programs described in paragraph (a) of this section except as modified by this section.  
(2) Common characteristics. A program described in paragraph (a)(2) or (a)(3) of this section qualifies as a special purpose credit program only if it was established and is administered so as not to discriminate against an applicant on any prohibited basis; however, all program participants may be required to share one or more common characteristics (for example, race, national origin, or sex) so long as the program was not established and is not administered with the purpose of evading the requirements of the Act or this part.  
(c) Special rule concerning requests and use of information. If participants in a special purpose credit program described in paragraph (a) of this section are required to possess one or more common characteristics (for example, race, national origin, or sex) and if the program otherwise satisfies the requirements of paragraph (a) of this section, a creditor may request and consider information regarding the common characteristic(s) in determining the applicant’s eligibility for the program.  
(d) Special rule in the case of financial need. If financial need is one of the criteria under a special purpose credit program described in paragraph (a) of this section, the creditor may request and consider, in determining an applicant’s eligibility for the program, information regarding the applicant’s marital status; alimony, child support, and separate maintenance income; and the spouse’s financial resources. In addition, a creditor may obtain the signature of an applicant’s spouse or other person on an application or credit instrument relating to a special purpose credit program if the signature is required by Federal or state law.

§ 1002.9 Notifications.  
(a) Notification of action taken, ECOA notice, and statement of specific reasons. (1) When notification is required. A creditor shall notify an applicant of action taken within:  
(i) 30 days after receiving a completed application concerning the creditor’s approval of, counteroffer to, or adverse action on the application;  
(ii) 30 days after taking adverse action on an incomplete application, unless notice is provided in accordance with paragraph (c) of this section;  
(iii) 30 days after taking adverse action on an existing account; or  
(iv) 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered.  
(2) Content of notification when adverse action is taken. A notification given to an applicant when adverse action is taken shall be in writing and shall contain a statement of the action taken; the name and address of the creditor; a statement of the provisions of section 701(a) of the Act; the name and address of the Federal agency that administers compliance with respect to the creditor; and either:  
(i) A statement of specific reasons for the action taken; or  
(ii) A disclosure of the applicant’s right to a statement of specific reasons within 30 days, if the statement is requested within 60 days of the creditor’s notification. The disclosure shall include the name, address, and telephone number of the person or office from which the statement of reasons can be obtained. If the creditor chooses to provide the reasons orally, the creditor shall also disclose the applicant’s right to have them confirmed in writing within 30 days of receiving the applicant’s written request for confirmation.  
(3) Notification to business credit applicants. For business credit, a creditor shall comply with the notification requirements of this section in the following manner:
(i) With regard to a business that had gross revenues of $1 million or less in its preceding fiscal year (other than an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit), a creditor shall comply with paragraphs (a)(1) and (2) of this section, except that:
(A) The statement of the action taken may be given orally or in writing, when adverse action is taken;
(B) Disclosure of an applicant’s right to a statement of reasons may be given at the time of application, instead of when adverse action is taken, provided the disclosure contains the information required by paragraph (a)(2)(ii) of this section and the ECOA notice specified in paragraph (b)(1) of this section;
(C) For an application made entirely by telephone, a creditor satisfies the requirements of paragraph (a)(3)(i) of this section by an oral statement of the action taken and of the applicant’s right to a statement of reasons for adverse action;
(iii) With regard to a business that had gross revenues in excess of $1 million in its preceding fiscal year or an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit, a creditor shall:
(A) Notify the applicant, within a reasonable time, orally or in writing, of the action taken; and
(B) Provide a written statement of the reasons for adverse action and the ECOA notice specified in paragraph (b)(1) of this section if the applicant makes a written request for the reasons within 60 days of the creditor’s notification.

(b) Form of ECOA notice and statement of specific reasons. (1) ECOA notice. To satisfy the disclosure requirements of paragraph (a)(2) of this section regarding section 701(a) of the Act, the creditor shall provide a notice that is substantially similar to the following: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is [name and address as specified by the appropriate agency or agencies listed in Appendix A of this part]. Until January 1, 2013, a creditor may comply with this paragraph (b)(1) and paragraph (a)(2) of this section by including in the notice the name and address as specified by the appropriate agency in Appendix A to 12 CFR Part 202, as in effect on October 1, 2011.

(2) Statement of specific reasons. The statement of reasons for adverse action required by paragraph (a)(2)(ii) of this section must be specific and indicate the principal reason(s) for the adverse action. Statements that the adverse action was based on the creditor’s internal standards or policies or that the applicant, joint applicant, or similar party failed to achieve a qualifying score on the creditor’s credit scoring system are insufficient.

(c) Incomplete applications. (1) Notice alternatives. Within 30 days after receiving an application that is incomplete regarding matters that an applicant can complete, the creditor shall notify the applicant either:
(i) Of action taken, in accordance with paragraph (a) of this section; or
(ii) Of the incompleteness, in accordance with paragraph (c)(2) of this section.

(2) Notice of incompleteness. If additional information is needed from an applicant, the creditor shall send a written notice to the applicant specifying the information needed, designating a reasonable period of time for the applicant to provide the information, and informing the applicant that failure to provide the information requested will result in no further consideration being given to the application. The creditor shall have no further obligation under this section if the applicant fails to respond within the designated time period. If the applicant supplies the requested information within the designated time period, the creditor shall take action on the application and notify the applicant in accordance with paragraph (a) of this section.

(d) Oral request for information. At its option, a creditor may inform the applicant orally of the need for additional information. If the application remains incomplete the creditor shall send a notice in accordance with paragraph (c)(1) of this section.

(e) Oral notifications by small-volume creditors. In the case of a creditor that did not receive more than 150 applications during the preceding calendar year, the requirements of this section (including statements of specific reasons) are satisfied by oral notifications.

(f) Withdrawal of approved applications. When an applicant submits an application and the parties contemplate that the applicant will inquire about its status, if the creditor approves the application and the applicant has not inquired within 30 days after applying, the creditor may treat the application as withdrawn and need not comply with paragraph (a)(1) of this section.

(g) Applications submitted through a third party. When an application is made on behalf of an applicant to more than one creditor and the applicant expressly accepts or uses credit offered by one of the creditors, notification of action taken by any of the other creditors is not required. If no credit is offered or if the applicant does not expressly accept or use the credit offered, each creditor taking adverse action must comply with this section, directly or through a third party. A notice given by a third party shall disclose the identity of each creditor on whose behalf the notice is given.

§1002.10 Furnishing of credit information.
(a) Designation of accounts. A creditor that furnishes credit information shall designate:
(1) Any new account to reflect the participation of both spouses if the applicant’s spouse is permitted to use or is contractually liable on the account (other than as a guarantor, surety, endorser, or similar party); and
(2) Any existing account to reflect such participation, within 90 days after receiving a written request to do so from one of the spouses.

(b) Routine reports to consumer reporting agency. If a creditor furnishes credit information to a consumer reporting agency concerning an account designated to reflect the participation of both spouses, the creditor shall furnish the information in a manner that will enable the agency to provide access to the information in the name of each spouse.

(c) Reporting in response to inquiry. If a creditor furnishes credit information in response to an inquiry, concerning an account designated to reflect the participation of both spouses, the creditor shall furnish the information in the name of the spouse about whom the information is requested.

§1002.11 Relation to state law.
(a) Inconsistent state laws. Except as otherwise provided in this section, this part alters, affects, or preempts only those state laws that are inconsistent with the Act and this part and then only
to the extent of the inconsistency. A state law is not inconsistent if it is more protective of an applicant.

(b) Preempted provisions of state law. (1) A state law is deemed to be inconsistent with the requirements of the Act and this part and less protective of an applicant within the meaning of section 705(f) of the Act to the extent that the law:

(i) Requires or permits a practice or act prohibited by the Act or this part;

(ii) Prohibits the individual extension of consumer credit to both parties to a marriage if each spouse individually and voluntarily applies for such credit;

(iii) Prohibits inquiries or collection of data required to comply with the Act or this part;

(iv) Prohibits asking about or considering age in an empirically derived, demonstrably and statistically sound, credit scoring system to determine a pertinent element of creditworthiness, or to favor an elderly applicant.

(v) Prohibits inquiries necessary to establish or administer a special purpose credit program as defined by §1002.8.

(2) A creditor, state, or other interested party may request that the Bureau determine whether a state law is inconsistent with the requirements of the Act and this part.

(c) Laws on finance charges, loan ceilings. If married applicants voluntarily apply for and obtain individual accounts with the same creditor, the accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or loan ceilings under any Federal or state law. Permissible loan ceiling laws shall be construed to permit each spouse to become a credit applicant, or others without the specific request of the creditor; or

(3) As required to monitor compliance with the Act and this part or other Federal or state statutes or regulations.

(b) Preservation of records. (1) Applications. For 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) after the date that a creditor notifies an applicant of adverse action; and

(ii) Any written statement submitted by the applicant alleging a violation of the Act or this part.

(3) Other applications. For 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) after the date that a creditor receives an application for which the creditor is not required to comply with the notification requirements of §1002.9, the creditor shall retain all written or recorded information in its possession concerning the applicant, including any notation of action taken.

(4) Enforcement proceedings and investigations. A creditor shall retain the information beyond 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) if the creditor has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the Act or this part, by the Attorney General of the United States or by an enforcement agency charged with monitoring that creditor’s compliance with the Act and this part, or if it has been served with notice of an action filed pursuant to section 706 of the Act and §1002.16 of this part. The creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by order of the agency or court.

(5) Special rule for certain business credit applications. With regard to a business that had gross revenues in excess of $1 million in its preceding fiscal year, or an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit, the creditor shall retain records for at least 60 days after notifying the applicant of the action taken. If within that time period the applicant requests in writing the reasons for adverse action or that records be retained, the creditor shall retain records for 12 months.

(6) Self-tests. For 25 months after a self-test (as defined in §1002.15) has been completed, the creditor shall retain all written or recorded information about the self-test. A creditor shall retain information beyond 25 months if it has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation, or if it has been served with notice of a civil action. In such cases, the creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by the appropriate agency or court order.

(7) Prescreened solicitations. For 25 months after the date on which an offer...

(i) Any written or recorded information concerning the adverse action; and

(ii) Any written statement submitted by the applicant alleging a violation of the Act or this part.

(8) Applications in states. A state law is deemed to be inconsistent with the requirements of the Act and this part to the extent of the inconsistency. A state law is not inconsistent if it is more protective of an applicant.

(b) Preempted provisions of state law. (1) A state law is deemed to be inconsistent with the requirements of the Act and this part and less protective of an applicant within the meaning of section 705(f) of the Act to the extent that the law:

(i) Requires or permits a practice or act prohibited by the Act or this part;

(ii) Prohibits the individual extension of consumer credit to both parties to a marriage if each spouse individually and voluntarily applies for such credit;

(iii) Prohibits inquiries or collection of data required to comply with the Act or this part;

(iv) Prohibits asking about or considering age in an empirically derived, demonstrably and statistically sound, credit scoring system to determine a pertinent element of creditworthiness, or to favor an elderly applicant.

(v) Prohibits inquiries necessary to establish or administer a special purpose credit program as defined by §1002.8.

(2) A creditor, state, or other interested party may request that the Bureau determine whether a state law is inconsistent with the requirements of the Act and this part.

(c) Laws on finance charges, loan ceilings. If married applicants voluntarily apply for and obtain individual accounts with the same creditor, the accounts shall not be aggregated or otherwise combined for purposes of determining permissible finance charges or loan ceilings under any Federal or state law. Permissible loan ceiling laws shall be construed to permit each spouse to become a credit applicant, or others without the specific request of the creditor; or

(3) As required to monitor compliance with the Act and this part or other Federal or state statutes or regulations.

(b) Preservation of records. (1) Applications. For 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) after the date that a creditor notifies an applicant of adverse action; and

(ii) Any written statement submitted by the applicant alleging a violation of the Act or this part.

(3) Other applications. For 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) after the date that a creditor receives an application for which the creditor is not required to comply with the notification requirements of §1002.9, the creditor shall retain all written or recorded information in its possession concerning the applicant, including any notation of action taken.

(4) Enforcement proceedings and investigations. A creditor shall retain the information beyond 25 months (12 months for business credit, except as provided in paragraph (b)(5) of this section) if the creditor has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the Act or this part, by the Attorney General of the United States or by an enforcement agency charged with monitoring that creditor’s compliance with the Act and this part, or if it has been served with notice of an action filed pursuant to section 706 of the Act and §1002.16 of this part. The creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by order of the agency or court.

(5) Special rule for certain business credit applications. With regard to a business that had gross revenues in excess of $1 million in its preceding fiscal year, or an extension of trade credit, credit incident to a factoring agreement, or other similar types of business credit, the creditor shall retain records for at least 60 days after notifying the applicant of the action taken. If within that time period the applicant requests in writing the reasons for adverse action or that records be retained, the creditor shall retain records for 12 months.

(6) Self-tests. For 25 months after a self-test (as defined in §1002.15) has been completed, the creditor shall retain all written or recorded information about the self-test. A creditor shall retain information beyond 25 months if it has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation, or if it has been served with notice of a civil action. In such cases, the creditor shall retain the information until final disposition of the matter, unless an earlier time is allowed by the appropriate agency or court order.

(7) Prescreened solicitations. For 25 months after the date on which an offer...
of credit is made to potential customers (12 months for business credit, except as provided in paragraph (b)(5) of this section), the creditor shall retain in original form or a copy thereof:

(i) The text of any prescreened solicitation;
(ii) The list of criteria the creditor used to select potential recipients of the solicitation; and
(iii) Any correspondence related to complaints (formal or informal) about the solicitation.

§1002.13 Information for monitoring purposes.
(a) Information to be requested. (1) A creditor that receives an application for credit primarily for the purchase or refinancing of a dwelling occupied or to be occupied by the applicant as a principal residence, where the extension of credit will be secured by the dwelling, shall request as part of the application the following information regarding the applicant(s):
(i) Ethnicity, using the categories Hispanic or Latino, and not Hispanic or Latino; and race, using the categories American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, and White;
(ii) Sex;
(iii) Marital status, using the categories married, unmarried, and separated; and
(iv) Age.
(2) Dwelling means a residential structure that contains one to four units, whether or not that structure is attached to real property. The term includes, but is not limited to, an individual condominium or cooperative unit and a mobile or other manufactured home.
(b) Obtaining information. Questions regarding ethnicity, race, sex, marital status, and age may be listed, at the creditor's option, on the application form or on a separate form that refers to the application. The applicant(s) shall be asked but not required to supply the requested information. If the applicant(s) chooses not to provide the information or any part of it, that fact shall be noted on the form. The creditor shall then also note on the form, to the extent possible, the ethnicity, race, and sex of the applicant(s) on the basis of visual observation or surname.
(c) Disclosure to applicant(s). The creditor shall inform the applicant(s) that the information regarding ethnicity, race, sex, marital status, and age is being requested by the Federal Government for the purpose of monitoring compliance with Federal statutes that prohibit creditors from discriminating against applicants on those bases. The creditor shall also inform the applicant(s) that if the applicant(s) chooses not to provide the information, the creditor is required to note the ethnicity, race and sex on the basis of visual observation or surname.
(d) Substitute monitoring program. A monitoring program required by an agency charged with administrative enforcement under section 704 of the Act may be substituted for the requirements contained in paragraphs (a), (b), and (c) of this section.

§1002.14 Rules on providing appraisal reports.
(a) Providing appraisals. A creditor shall provide a copy of an appraisal report used in connection with an application for credit that is to be secured by a lien on a dwelling. A creditor shall comply with either paragraph (a)(1) or (a)(2) of this section.
(1) Routine delivery. A creditor may routinely provide a copy of an appraisal report to an applicant (whether credit is granted or denied or the application is withdrawn).
(2) Upon request. A creditor that does not routinely provide appraisal reports shall provide a copy upon an applicant's written request.
(i) Notice. A creditor that provides appraisal reports only upon request shall notify an applicant in writing of the right to receive a copy of an appraisal report. The notice may be given at any time during the application process but no later than when the creditor provides notice of action taken under §1002.9 of this part. The notice shall specify that the applicant's request must be in writing, give the creditor's mailing address, and state the time for making the request as provided in paragraph (a)(2)(ii) of this section.
(ii) Delivery. A creditor shall mail or deliver a copy of the appraisal report promptly (generally within 30 days) after the creditor receives an applicant's request, receives the report, or receives reimbursement from the applicant for the report, whichever is last to occur. A creditor need not provide a copy when the applicant's request is received more than 90 days after the creditor has provided notice of action taken on the application under §1002.9 of this part or 90 days after the application is withdrawn.
(b) Credit unions. A creditor that is subject to the regulations of the National Credit Union Administration on making copies of appraisal reports available is not subject to this section.
(c) Definitions. For purposes of paragraph (a) of this section, the term dwelling means a residential structure that contains one to four units whether or not that structure is attached to real property. The term includes, but is not limited to, an individual condominium or cooperative unit, and a mobile or other manufactured home.

§1002.15 Incentives for self-testing and self-correction.
(a) General rules. (1) Voluntary self-testing and correction. The report or results of a self-test that a creditor voluntarily conducts (or authorizes) are privileged as provided in this section.
(b) Self-test defined. (1) Definition. A self-test is any program, practice, or study that:
(i) Is designed and used specifically to determine the extent or effectiveness of a creditor's compliance with the Act or this part; and
(ii) Creates data or factual information that is not available and cannot be derived from loan or application files or other records related to credit transactions.
(2) Types of information privileged. The privilege under this section applies to the report or results of the self-test, data or factual information created by the self-test, and any analysis, opinions, and conclusions pertaining to the self-test report or results. The privilege covers workpapers or draft documents as well as final documents.
(b) Other privileges. The privilege created by this section does not preclude the assertion of any other privilege that may also apply.
(c) Appropriate corrective action. (1) General requirement. For the privilege in this section to apply, appropriate corrective action is required when the self-test shows that it is more likely than
not that a violation occurred, even though no violation has been formally adjudicated.

(2) Determining the scope of appropriate corrective action. A creditor must take corrective action that is reasonably likely to remedy the cause and effect of a likely violation by:

(i) Identifying the policies or practices that are the likely cause of the violation; and

(ii) Assessing the extent and scope of any violation.

(3) Types of relief. Appropriate corrective action may include both prospective and remedial relief, except that to establish a privilege under this section:

(i) A creditor is not required to provide remedial relief to a tester used in a self-test;

(ii) A creditor is only required to provide remedial relief to an applicant identified by the self-test as one whose rights were more likely than not violated; and

(iii) A creditor is not required to provide remedial relief to a particular applicant if the statute of limitations applicable to the violation expired before the creditor obtained the results of the self-test or the applicant is otherwise ineligible for such relief.

(4) No admission of violation. Taking corrective action is not an admission that a violation occurred.

(d) Scope of privilege. (1) General rule. The report or results of a privileged self-test may not be obtained or used:

(i) By a government agency in any examination or investigation relating to compliance with the Act or this part; or

(ii) By a government agency or an applicant (including a prospective supervisor) who alleges a violation of § 1002.12 in any proceeding or civil action in which a violation of the Act or this part is alleged.

(2) Loss of privilege. The report or results of a self-test are not privileged under paragraph (d)(1) of this section if the creditor or a person with lawful access to the report or results:

(i) Voluntarily discloses any part of the report or results, or any other information privileged under this section, to an applicant or government agency or to the public;

(ii) Discloses any part of the report or results, or any other information privileged under this section, as a defense to charges that the creditor has violated the Act or regulation; or

(iii) Fails or is unable to produce written or recorded information about the self-test that is required to be retained under § 1002.12(b)(6) when the information is needed to determine whether the privilege applies. This paragraph does not limit any other penalty or remedy that may be available for a violation of § 1002.12.

(3) Limited use of privileged information. Notwithstanding paragraph (d)(1) of this section, the self-test report or results and any other information privileged under this section may be obtained and used by an applicant or government agency solely to determine a penalty or remedy after a violation of the Act or this part has been adjudicated or admitted. Disclosures for this limited purpose may be used only for the particular proceeding in which the adjudication or admission was made. Information disclosed under this paragraph (d)(1) remains privileged under paragraph (d)(1) of this section.

§ 1002.16 Enforcement, penalties and liabilities.

(a) Administrative enforcement. (1) As set forth more fully in section 704 of the Act, administrative enforcement of the Act and this part regarding certain creditors is assigned to the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Board of Directors of the Federal Deposit Insurance Corporation, National Credit Union Administration, Federal Housing Finance Agency, Federal Trade Commission, Surface Transportation Board, Civil Aeronautics Board, Secretary of Agriculture, Farm Credit Administration, Securities and Exchange Commission, Small Business Administration, Secretary of Transportation, and Bureau of Consumer Financial Protection.

(2) Except to the extent that administrative enforcement is specifically assigned to some government agency other than the Bureau, and subject to subtitle B of the Consumer Financial Protection Act of 2010, the Federal Trade Commission is authorized to enforce the requirements imposed under the Act and this part.

(b) Penalties and liabilities. (1) Sections 702(g) and 706(a) and (b) of the Act provide that any creditor that fails to comply with a requirement imposed by the Act or this part is subject to civil liability for actual and punitive damages in individual or class actions. Pursuant to sections 702(g) and 704(b), (c), and (d) of the Act, violations of the Act or this part also constitute violations of other Federal laws. Liability for punitive damages can apply only to nongovernmental entities and is limited to $10,000 in individual actions and the lesser of $500,000 or 1 percent of the creditor’s net worth in class actions. Section 706(c) provides for equitable and declaratory relief and section 706(d) authorizes the awarding of costs and reasonable attorney’s fees to an aggrieved applicant in a successful action.

(2) As provided in section 706(f) of the Act, a civil action under the Act or this part may be brought in the appropriate United States district court without regard to the amount in controversy or in any other court of competent jurisdiction within five years after the date of the occurrence of the violation, or within one year after the commencement of an administrative enforcement proceeding or of a civil action brought by the Attorney General of the United States within five years after the alleged violation.

(3) If an agency responsible for administrative enforcement is unable to obtain compliance with the Act or this part, it may refer the matter to the Attorney General of the United States. If the Attorney General, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the National Credit Union Administration, or the Federal Housing Finance Agency has reason to believe that one or more creditors have engaged in a pattern or practice of discouraging or denying applications in violation of the Act or this part, the agency shall refer the matter to the Attorney General. If the agency has reason to believe that one or more creditors violated section 701(a) of the Act, the agency may refer a matter to the Attorney General.

(4) On referral, or whenever the Attorney General has reason to believe that one or more creditors have engaged in a pattern or practice in violation of the Act or this part, the Attorney General may bring a civil action for such relief as may be appropriate, including actual and punitive damages and injunctive relief.

(5) If the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, or the National Credit Union Administration has reason to believe (as a result of a consumer complaint, a consumer compliance examination, or some other basis) that a violation of the Act or this part has occurred which is also a violation of the Fair Housing Act, and the matter is not referred to the Attorney General, the agency shall:

(i) Notify the Secretary of Housing and Urban Development; and

(ii) Inform the applicant that the Secretary of Housing and Urban Development has been notified and that remedies may be available under the Fair Housing Act.

(c) Failure of compliance. A creditor’s failure to comply with §§ 1002.6(b)(6), 1002.9, 1002.10, 1002.12 or 1002.13 is not a violation if it results from an
inadvertent error. On discovering an error under §§ 1002.9 and 1002.10, the creditor shall correct it as soon as possible. If a creditor inadvertently obtains the monitoring information regarding the ethnicity, race, and sex of the applicant in a dwelling-related transaction not covered by § 1002.13, the creditor may retain information and act on the application without violating the regulation.

Appendix A to Part 1002—Federal Agencies To Be Listed in Adverse Action Notices

The following list indicates the Federal agency or agencies that should be listed in notices provided by creditors pursuant to § 1002.9(b)(1). Any questions concerning a particular creditor may be directed to such agencies. This list is not intended to describe agencies' enforcement authority for ECOA and Regulation B. Terms that are not defined in the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in the International Banking Act of 1978 (12 U.S.C. 3101).

1. Banks, savings associations, and credit unions with total assets of over $10 billion and their affiliates: Bureau of Consumer Financial Protection, 1700 G Street NW., Washington DC 20006. Such affiliates that are not banks, savings associations, or credit unions also should list, in addition to the Bureau, FTC Regional Office for region in which the creditor operates or Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.

2. To the extent not included in item 1 above:
   b. State member banks, branches and agencies of foreign banks (other than Federal branches, Federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act: Federal Reserve Consumer Help Center, P.O. Box 1200, Minneapolis, MN 55480.
   c. Nonmember Insured Banks, Insured State Branches of Foreign Banks, and Insured State Savings Associations: FDIC Consumer Response Center, 1100 Walnut Street, Box #11, Kansas City, MO 64106.
   d. Federal Credit Unions: National Credit Union Administration, Office of Consumer Protection (OCF), Division of Consumer Compliance and Outreach (DCCO), 1775 Duke Street, Alexandria, VA 22314.
   e. Air carriers: Assistant General Counsel for Aviation Enforcement and Proceedings, Department of Transportation, 400 Seventh Street SW., Washington, DC 20590.
   f. Creditors Subject to Packers and Stockyards Act: Nearest Packers and Stockyards Administration area supervisor.
   g. Small Business Investment Companies: Associate Deputy Administrator for Capital Access, United States Small Business Administration, 409 Third Street SW., 8th Floor, Washington, DC 20416.
   i. Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks, and Production Credit Associations: Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102–5090.
   j. Retailers, Finance Companies, and All Other Creditors Not Listed Above: FTC Regional Office for region in which the creditor operates or Federal Trade Commission, Equal Credit Opportunity, Washington, DC 20580.

Appendix B to Part 1002—Model Application Forms

1. This Appendix contains five model credit application forms, each designated for use in a particular type of consumer credit transaction as indicated by the bracketed caption on each form. The first sample form is intended for use in open-end, unsecured transactions; the second for closed-end, secured transactions; the third for closed-end transactions, whether unsecured or secured; the fourth in transactions involving community property or occurring in community property states; and the fifth in residential mortgage transactions which contains a model disclosure for use in complying with § 1002.13 for certain dwelling-related loans. All forms contained in this Appendix are models; their use by creditors is optional.

2. The use or modification of these forms is governed by the following instructions. A creditor may change the forms: by asking for additional information not prohibited by § 1002.5; by deleting any information request; or by rearranging the format without modifying the substance of the inquiries. In any of these three instances, however, the appropriate notices regarding the optional nature of courtesy titles, the option to disclose alimony, child support, or separate maintenance, and the limitation concerning marital status inquiries must be included in the appropriate places if the items to which they relate appear on the creditor's form.

3. If a creditor uses an appropriate Appendix B model form, or modifies a form in accordance with the above instructions, that creditor shall be deemed to be acting in compliance with the provisions of paragraphs (b), (c) and (d) of § 1002.5 of this part.
# CREDIT APPLICATION

**IMPORTANT:** Read these Directions before completing this Application.

- **Check Appropriate Box:**
  - [ ] If you are applying for an individual account in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections A and D.
  - [ ] If you are applying for a joint account or an account that you and another person will use, complete all Sections, providing information in B about the joint applicant or user.

  We intend to apply for joint credit. 

  - [ ] If you are applying for an individual account, but are relying on income from alimony, child support, or separate maintenance on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying.

## SECTION A—INFORMATION REGARDING APPLICANT

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Name (Last, First, Middle):</td>
<td></td>
</tr>
<tr>
<td>Birthdate:</td>
<td>/ /</td>
</tr>
<tr>
<td>Present Street Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td></td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Zip:</td>
<td></td>
</tr>
<tr>
<td>Telephone:</td>
<td></td>
</tr>
<tr>
<td>Social Security No.:</td>
<td></td>
</tr>
<tr>
<td>Driver’s License No.:</td>
<td></td>
</tr>
<tr>
<td>Previous Street Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td></td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Zip:</td>
<td></td>
</tr>
<tr>
<td>Telephone:</td>
<td></td>
</tr>
<tr>
<td>Present Employer:</td>
<td></td>
</tr>
<tr>
<td>Years there:</td>
<td></td>
</tr>
<tr>
<td>Position or title:</td>
<td></td>
</tr>
<tr>
<td>Name of supervisor:</td>
<td></td>
</tr>
<tr>
<td>Employer’s Address:</td>
<td></td>
</tr>
<tr>
<td>Previous Employer:</td>
<td></td>
</tr>
<tr>
<td>Years there:</td>
<td></td>
</tr>
<tr>
<td>Present net salary or commission:</td>
<td>$ per</td>
</tr>
<tr>
<td>No. Dependents:</td>
<td></td>
</tr>
<tr>
<td>Ages:</td>
<td></td>
</tr>
</tbody>
</table>

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ❑ written agreement ❑ oral understanding ❑

Other income: $ per Source(s) of other income:

Is any income listed in this Section likely to be reduced in the next two years?
- [ ] Yes (Explain in detail on a separate sheet.) ❑ No ❑

Have you ever received credit from us?
- [ ] Yes ❑ (When) ❑ (Office) ❑

Checking Account No.:  |
Savings Account No.:  |
Name of nearest relative not living with you:  |
Relationship:  |
Telephone:  |

## SECTION B—INFORMATION REGARDING JOINT APPLICANT, USER, OR OTHER PARTY (Use separate sheets if necessary)

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Name (Last, First, Middle):</td>
<td></td>
</tr>
<tr>
<td>Birthdate:</td>
<td>/ /</td>
</tr>
<tr>
<td>Relationship to Applicant (if any):</td>
<td></td>
</tr>
<tr>
<td>Present Street Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td></td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Zip:</td>
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<tr>
<td>Telephone:</td>
<td></td>
</tr>
<tr>
<td>Social Security No.:</td>
<td></td>
</tr>
<tr>
<td>Driver’s License No.:</td>
<td></td>
</tr>
<tr>
<td>Present Employer:</td>
<td></td>
</tr>
<tr>
<td>Years there:</td>
<td></td>
</tr>
<tr>
<td>Position or title:</td>
<td></td>
</tr>
<tr>
<td>Name of supervisor:</td>
<td></td>
</tr>
<tr>
<td>Employer’s Address:</td>
<td></td>
</tr>
<tr>
<td>Previous Employer:</td>
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</tr>
<tr>
<td>Years there:</td>
<td></td>
</tr>
<tr>
<td>Present net salary or commission:</td>
<td>$ per</td>
</tr>
<tr>
<td>No. Dependents:</td>
<td></td>
</tr>
<tr>
<td>Ages:</td>
<td></td>
</tr>
</tbody>
</table>

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ❑ written agreement ❑ oral understanding ❑

Other income: $ per Source(s) of other income:

Is any income listed in this Section likely to be reduced in the next two years?
- [ ] Yes (Explain in detail on a separate sheet.) ❑ No ❑

Checking Account No.:  |
Savings Account No.:  |
Name of nearest relative not living with Joint Applicant, User, or Other Party:  |
Relationship:  |
Telephone:  |

## SECTION C—MARITAL STATUS

(Do not complete if this is an application for an individual account.)

| Applicant | Married ❑ Separated ❑ Unmarried (including single, divorced, and widowed) ❑ |
| Other Party | Married ❑ Separated ❑ Unmarried (including single, divorced, and widowed) ❑ |
**SECTION D — ASSET AND DEBT INFORMATION**

If Section B has been completed, this section should be completed giving information about both the Applicant and Joint Applicant, User, or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.

### ASSETS OWNED

<table>
<thead>
<tr>
<th>Description of Assets</th>
<th>Value</th>
<th>Subject to Debt?</th>
<th>Name(s) of Owner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles (Make, Model, Year)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Value of Life Insurance (Issuer, Face Value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate (Location, Date Acquired)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketable Securities (Issuer, Type, No. of Shares)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (List)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Assets**

$  

### OUTSTANDING DEBTS

(Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Type of Debt or Acc. No.</th>
<th>Name in Which Acc. Carried</th>
<th>Original Debt $ (Omit rent)</th>
<th>Present Balance $ (Omit rent)</th>
<th>Monthly Payments</th>
<th>Paid Date?</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (Landlord or Mortgage Holder)</td>
<td>Rent Payment □ Mortgage □</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
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<td>2.</td>
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<td>5.</td>
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<tr>
<td>6.</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Debts**

$ $ $

(Credit References)  

Date Paid

1.  $ 

2.  

Are you a co-maker, endorser, or guarantor on any loan or contract?  

Yes □ No □  

If "yes" for whom? To whom?  

Are there any unsatisfied judgments against you?  

Yes □ No □ Amount $  

If "yes" to whom owed?  

Have you been declared bankrupt in the last 14 years?  

Yes □ No □  

If "yes" where? Year  

Other Obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature  

Date  

Other Signature (Where Applicable)  

Date
# CREDIT APPLICATION

**IMPORTANT:** Read these Directions before completing this Application.

Check Appropriate Box

- [ ] If you are applying for individual credit in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete Sections A, C, D, and E, omitting B and the second part of C.
- [ ] If this is an application for joint credit with another person, complete all Sections, providing information in B about the joint applicant.
- [ ] We intend to apply for joint credit.
- [ ] If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying.

<table>
<thead>
<tr>
<th>Amount Requested</th>
<th>Payment Date Desired</th>
<th>Proceeds of Credit To be Used For</th>
</tr>
</thead>
</table>

**SECTION A — INFORMATION REGARDING APPLICANT**

Full Name (Last, First, Middle): ____________________________  Birthday: / / 

Present Street Address: ____________________________  Years there: ____________________________

City: ____________________________  State: ____________________________  Zip: ____________________________  Telephone: ____________________________

Social Security No.: ____________________________  Driver's License No.: ____________________________

Previous Street Address: ____________________________  Years there: ____________________________

City: ____________________________  State: ____________________________  Zip: ____________________________  Telephone: ____________________________

Present Employer: ____________________________  Years there: ____________________________  Telephone: ____________________________

Position or title: ____________________________  Name of supervisor: ____________________________

Employer's Address: ____________________________  Years there: ____________________________

Previous Employer: ____________________________  Years there: ____________________________

Previous Employer’s Address: ____________________________

Present net salary or commission: $ ____________ per ____________  No. Dependents: ____________  Ages: ____________

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ☐  written agreement ☐  oral understanding ☐

Other income: $ ____________ per ____________  Source(s) of other income: ____________________________

Is any income listed in this Section likely to be reduced before the credit requested is paid off? ☐ Yes (Explain in detail on a separate sheet.)  ☐ No

Have you ever received credit from us? ☐ Yes ☐ No  When? ____________________________  Office: ____________________________

Checking Account No.: ____________________________  Institution and Branch: ____________________________

Savings Account No.: ____________________________  Institution and Branch: ____________________________

Name of nearest relative not living with you: ____________________________  Telephone: ____________________________

Relationship: ____________________________  Address: ____________________________

**SECTION B — INFORMATION REGARDING JOINT APPLICANT, OR OTHER PARTY (Use separate sheets if necessary.)**

Full Name (Last, First, Middle): ____________________________  Birthday: / / 

Relationship to Applicant (if any): ____________________________

Present Street Address: ____________________________  Years there: ____________________________

City: ____________________________  State: ____________________________  Zip: ____________________________  Telephone: ____________________________

Social Security No.: ____________________________  Driver's License No.: ____________________________

Present Employer: ____________________________  Years there: ____________________________  Telephone: ____________________________

Position or title: ____________________________  Name of supervisor: ____________________________

Employer's Address: ____________________________  Years there: ____________________________

Previous Employer: ____________________________  Years there: ____________________________

Previous Employer’s Address: ____________________________

Present net salary or commission: $ ____________ per ____________  No. Dependents: ____________  Ages: ____________

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ☐  written agreement ☐  oral understanding ☐

Other income: $ ____________ per ____________  Source(s) of other income: ____________________________

Is any income listed in this Section likely to be reduced before the credit requested is paid off? ☐ Yes (Explain in detail on a separate sheet.)  ☐ No

Checking Account No.: ____________________________  Institution and Branch: ____________________________

Savings Account No.: ____________________________  Institution and Branch: ____________________________

Name of nearest relative not living with Joint Applicant or Other Party: ____________________________

Relationship: ____________________________  Address: ____________________________

**SECTION C — MARITAL STATUS**

(Do not complete if this is an application for an individual account.)

Applicant: ☐ Married  ☐ Separated  ☐ Unmarried (including single, divorced, and widowed)

Other Party: ☐ Married  ☐ Separated  ☐ Unmarried (including single, divorced, and widowed)
**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant or Other Person. Please mark Applicant-related information with an "A." If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (use separate sheet if necessary.)

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<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles (Make, Model, Year)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Value of Life Insurance (Issuer, Face Value)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate (Location, Date Acquired)</td>
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<td></td>
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</tr>
<tr>
<td>Marketable Securities (Issuer, Type, No. of Shares)</td>
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<td></td>
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<td><strong>Other (List)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**OUTSTANDING DEBTS** (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Type of Debt or Acc. No.</th>
<th>Name in Which Acc. Carried</th>
<th>Original Debe</th>
<th>Present Balance</th>
<th>Monthly Payments</th>
<th>Past Due?</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (Landlord or Mortgage Holder)</td>
<td>□ Rent Payment, □ Mortgage</td>
<td>$ (Omit rents)</td>
<td>$ (Omit rents)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
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<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Debts</strong></td>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Credit References) Date Paid: $

1. 
2. 

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes □ No □ If “yes” for whom? To whom?

Are there any unsatisfied judgments against you? Yes □ No □ Amount $ If “yes” to whom owed?

Have you been declared bankrupt in the last 14 years? Yes □ No □ If “yes” where? Year

**SECTION E—SECURED CREDIT** (Briefly describe the property to be given as security.)

and list names and addresses of all co-owners of the property:

Name  
Address

If the security is real estate, give the full name of your spouse (if any):

---

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant’s Signature  Date  Other Signature (Where Applicable)  Date
## CREDIT APPLICATION

**IMPORTANT:** Read these Directions before completing this Application.

Check Appropriate Box

- ☐ If you are applying for individual credit in your own name and are relying on your own income or assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections A and D. If the requested credit is to be secured, also complete the first part of Section C and Section E.
- ☐ If you are applying for joint credit with another person, complete all Sections except E; providing information in B about the joint applicant. If the requested credit is to be secured, then complete Section E.

We intend to apply for joint credit.

Applicant: ________________________________
Co-Applicant: ________________________________

☐ If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections except E to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying. If the requested credit is to be secured, then complete Section E.

### SECTION A—INFORMATION REGARDING APPLICANT

<table>
<thead>
<tr>
<th>Full Name (Last, First, Middle):</th>
<th>Birthdate: / /</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Street Address:</td>
<td>Years there:</td>
</tr>
<tr>
<td>City:</td>
<td>State:</td>
</tr>
<tr>
<td>Zip:</td>
<td>Telephone:</td>
</tr>
<tr>
<td>Social Security No.</td>
<td>Driver's License No.:</td>
</tr>
<tr>
<td>Previous Street Address:</td>
<td>Years there:</td>
</tr>
<tr>
<td>City:</td>
<td>State:</td>
</tr>
<tr>
<td>Zip:</td>
<td>Telephone:</td>
</tr>
<tr>
<td>Present Employer:</td>
<td>Name of supervisor:</td>
</tr>
<tr>
<td>Position or title:</td>
<td>Employer's Address:</td>
</tr>
<tr>
<td>Years there:</td>
<td>Present Employer:</td>
</tr>
<tr>
<td>Previous Employer’s Address:</td>
<td>Previous Employer’s Address:</td>
</tr>
<tr>
<td>Present net salary or commission:</td>
<td>$ _______ per _______ No. Dependents: _______ Ages: _______</td>
</tr>
</tbody>
</table>

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ☐ written agreement ☐ oral understanding ☐

Other income: $ _______ per _______ Source(s) of other income:

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

☐ Yes (Explain in detail on a separate sheet.) ☐ No ☐

Have you ever received credit from us? ☐ Yes ☐ No When? _______ Office: _______

Checking Account No.: __________ Institution and Branch: __________

Savings Account No.: __________ Institution and Branch: __________

Name of nearest relative not living with you: _______ Telephone: _______

Relationship: _______ Address: _______

### SECTION B—INFORMATION REGARDING JOINT APPLICANT, OR OTHER PARTY (Use separate sheets if necessary.)

<table>
<thead>
<tr>
<th>Full Name (Last, First, Middle):</th>
<th>Birthdate: / /</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present Street Address:</td>
<td>Years there:</td>
</tr>
<tr>
<td>City:</td>
<td>State:</td>
</tr>
<tr>
<td>Zip:</td>
<td>Telephone:</td>
</tr>
<tr>
<td>Social Security No.</td>
<td>Driver's License No.:</td>
</tr>
<tr>
<td>Present Employer:</td>
<td>Name of supervisor:</td>
</tr>
<tr>
<td>Position or title:</td>
<td>Employer's Address:</td>
</tr>
<tr>
<td>Years there:</td>
<td>Present Employer:</td>
</tr>
<tr>
<td>Previous Employer’s Address:</td>
<td>Previous Employer’s Address:</td>
</tr>
<tr>
<td>Present net salary or commission:</td>
<td>$ _______ per _______ No. Dependents: _______ Ages: _______</td>
</tr>
</tbody>
</table>

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ☐ written agreement ☐ oral understanding ☐

Other income: $ _______ per _______ Source(s) of other income:

Is any income listed in this Section likely to be reduced before the credit requested is paid off?

☐ Yes (Explain in detail on a separate sheet.) ☐ No ☐

Checking Account No.: __________ Institution and Branch: __________

Savings Account No.: __________ Institution and Branch: __________

Name of nearest relative not living with Joint Applicant or Other Party: _______ Telephone: _______

Relationship: _______ Address: _______
**SECTION C—MARITAL STATUS**
(Do not complete if this is an application for individual unsecured credit.)

Applicant: □ Married □ Separated □ Unmarried (including single, divorced, and widowed)
Other Party: □ Married □ Separated □ Unmarried (including single, divorced, and widowed)

**SECTION D—ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Joint Applicant or Other Person. Please mark Applicant-related information with an "A" if Section B was not completed, only give information about the Applicant in this Section.)

<table>
<thead>
<tr>
<th>ASSETS OWNED (use separate sheet if necessary.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of Assets</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>Cash</td>
</tr>
<tr>
<td>Automobiles (Make, Model, Year)</td>
</tr>
<tr>
<td>Cash Value of Life Insurance (Issuer, Face Value)</td>
</tr>
<tr>
<td>Real Estate (Location, Date Acquired)</td>
</tr>
<tr>
<td>Marketable Securities (Issuer, Type, No. of Shares)</td>
</tr>
<tr>
<td>Other (List)</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
</tbody>
</table>

**OUTSTANDING DEBTS** (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

<table>
<thead>
<tr>
<th>Creditor</th>
<th>Type of Debt or Acc. No.</th>
<th>Name in Which Acc. Carried</th>
<th>Original Debt</th>
<th>Present Balance</th>
<th>Monthly Payments</th>
<th>Past Due? Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (Landlord or Mortgage Holder)</td>
<td>□ Rent Payment □ Mortgage</td>
<td>$ (Omit rent)</td>
<td>$ (Omit rent)</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
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<tr>
<td>3.</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Total Debts</td>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Credit References) Date Paid

1. $  
2. 

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes □ No □ If "yes" for whom? To whom?
Are there any unsatisfied judgments against you? Yes □ No □ Amount $ If "yes" to whom owed?
Have you been declared bankrupt in the last 14 years? Yes □ No □ If "yes" where? Year

Other Obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

**SECTION E—SECURED CREDIT** (Complete only if credit is to be secured.) Briefly describe the property to be given as security.

and list names and addresses of all co-owners of the property:

Name

Address

If the security is real estate, give the full name of your spouse (if any):

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.

Applicant's Signature ___________________________ Date ____________

Other Signature ___________________________ (Where Applicable) Date ____________
## CREDIT APPLICATION

**IMPORTANT:** Read these Directions before completing this Application.

Check Appropriate Box:
- ☐ If you are applying for individual credit in your own name, are not married, and are not relying on alimony, child support, or separate maintenance payments or on the income of another person as the basis for repayment of the credit requested, complete only Sections A and D. If the requested credit is to be secured, also complete Section E.
- ☐ In all other situations, complete all Sections except E, providing information in B about your spouse, a joint applicant or user, or the person on whose alimony, support, or maintenance payments or income or assets you are relying. If the requested credit is to be secured, also complete Section E.

If you intend to apply for joint credit, please initial here: ____________________________

<table>
<thead>
<tr>
<th>Amount Requested</th>
<th>Payment Date Desired</th>
<th>Proceeds of Credit To Be Used For</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### SECTION A — INFORMATION REGARDING APPLICANT

- **Full Name (Last, First, Middle):** ____________________________
- **Present Street Address:** ___________________________________
- **City:** ____________________________  **State:** ________________  **Zip:** ________________  **Telephone:** ____________________________
- **Social Security No.:** ____________________________  **Driver’s License No.:** ____________________________
- **Previous Street Address:** ____________________________
- **City:** ____________________________  **State:** ________________  **Zip:** ________________
- **Present Employer:** ____________________________  **Years there:** ________________  **Telephone:** ____________________________  **Position or title:** ____________________________  **Name of supervisor:** ____________________________
- **Employer’s Address:** ____________________________
- **Previous Employer:** ____________________________  **Years there:** ________________  **Telephone:** ____________________________  **Name of supervisor:** ____________________________
- **Present net salary or commission:** $ ________________ per ________________  **No. Dependents:** ________________  **Ages:** ____________________________

**Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.**

- **Alimony, child support, separate maintenance received under:** court order ☐  written agreement ☐  oral understanding ☐

**Other income:** $ ________________ per ________________  **Source(s) of other income:** ____________________________

- **Is any income listed in this Section likely to be reduced in the next two years or before the credit requested is paid off?** ☐ Yes (Explain in detail on a separate sheet.)  ☐ No
- **Have you ever received credit from us?** ☐ Yes  ☐ No  **When?** ____________________________  **Office:** ____________________________
- **Checking Account No.:** ____________________________  **Institution and Branch:** ____________________________
- **Savings Account No.:** ____________________________  **Institution and Branch:** ____________________________
- **Name of nearest relative not living with you:** ____________________________  **Telephone:** ____________________________
- **Relationship:** ____________________________  **Address:** ____________________________

### SECTION B — INFORMATION REGARDING SPOUSE, JOINT APPLICANT, USER, OR OTHER PARTY (Use separate sheets if necessary.)

- **Full Name (Last, First, Middle):** ____________________________  **Birthday:** ____________________________
- **Relationship to Applicant:** ____________________________
- **Present Street Address:** ____________________________
- **City:** ____________________________  **State:** ________________  **Zip:** ________________  **Telephone:** ____________________________
- **Social Security No.:** ____________________________  **Driver’s License No.:** ____________________________
- **Present Employer:** ____________________________  **Years there:** ________________  **Telephone:** ____________________________  **Position or title:** ____________________________  **Name of supervisor:** ____________________________
- **Employer’s Address:** ____________________________
- **Previous Employer:** ____________________________  **Years there:** ________________  **Telephone:** ____________________________  **Name of supervisor:** ____________________________
- **Present net salary or commission:** $ ________________ per ________________  **No. Dependents:** ________________  **Ages:** ____________________________

**Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.**

- **Alimony, child support, separate maintenance received under:** court order ☐  written agreement ☐  oral understanding ☐

**Other income:** $ ________________ per ________________  **Source(s) of other income:** ____________________________

- **Is any income listed in this Section likely to be reduced in the next two years or before the credit requested is paid off?** ☐ Yes (Explain in detail on a separate sheet.)  ☐ No
- **Checking Account No.:** ____________________________  **Institution and Branch:** ____________________________
- **Savings Account No.:** ____________________________  **Institution and Branch:** ____________________________
- **Name of nearest relative not living with Spouse, Joint Applicant, User, or Other Party:** ____________________________  **Telephone:** ____________________________
- **Relationship:** ____________________________  **Address:** ____________________________
**SECTION C — MARITAL STATUS**

Applicant: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)

Other Party: [ ] Married [ ] Separated [ ] Unmarried (including single, divorced, and widowed)

**SECTION D — ASSET AND DEBT INFORMATION** (If Section B has been completed, this Section should be completed giving information about both the Applicant and Spouse, Joint Applicants, User, or Other Person. Please mark Applicant-related information with an “A.” If Section B was not completed, only give information about the Applicant in this Section.)

**ASSETS OWNED** (use separate sheet if necessary.)

<table>
<thead>
<tr>
<th>Description of Assets</th>
<th>Value</th>
<th>Subject to Debt?</th>
<th>Name(s) of Owner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles (Make, Model, Year)</td>
<td></td>
<td></td>
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<td>Other (List)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
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**OUTSTANDING DEBTS** (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

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<th>Past Due?</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. (Landlord or Mortgage Holder)</td>
<td>Rent Payment</td>
<td>$ (Omit rent)</td>
<td>$ (Omit rent)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
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<tr>
<td>3.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Credit References**

1. $ Date Paid: 
2. 

Are you a co-maker, endorser, or guarantor on any loan or contract? [ ] Yes [ ] No [ ] If “yes” for whom? [ ] To whom? [ ]

Are there any unsatisfied judgments against you? [ ] Yes [ ] No Amount: $ [ ] If “yes” to whom owed? [ ]

Have you been declared bankrupt in the last 14 years? [ ] Yes [ ] No [ ] If “yes” where? [ ] Year: [ ]

Other Obligations—(E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

**SECTION E — SECURED CREDIT** (Complete only if credit is to be secured.) Briefly describe the property to be given as security.

and list names and addresses of all co-owners of the property:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Applicant’s Signature</th>
<th>Date</th>
<th>Other Signature (Where Applicable)</th>
<th>Date</th>
</tr>
</thead>
</table>

Everything that I have stated in this application is correct to the best of my knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check my credit and employment history and to answer questions about your credit experience with me.
Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower" as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when ☐ the income or assets of a person other than the "Borrower" (including the Borrower's spouse) will be used as a basis for loan qualification or ☐ the income or assets of the Borrower's spouse will not be used as a basis for loan qualification, but his or her liabilities must be considered because the Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

I. TYPE OF MORTGAGE AND TERMS OF LOAN

<table>
<thead>
<tr>
<th>Mortgage Applied for:</th>
<th>VA</th>
<th>FHA</th>
<th>Conventional</th>
<th>USDA/Rural Housing Service</th>
<th>Other (explain):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Agency Case Number</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lender Case Number</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount</th>
<th>Interest Rate</th>
<th>No. of Months</th>
<th>Amortization Type:</th>
<th>Fixed Rate</th>
<th>Other (explain):</th>
</tr>
</thead>
</table>

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

<table>
<thead>
<tr>
<th>Subject Property Address (street, city, state, &amp; ZIP)</th>
<th>No. of Units</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Legal Description of Subject Property (attach description if necessary)</th>
<th>Year Built</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Purpose of Loan</th>
<th>Purchase</th>
<th>Construction</th>
<th>Other (explain):</th>
<th>Property will be:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Primary Residence</td>
</tr>
</tbody>
</table>

Complete this line if this is a construction or construction-permanent loan.

<table>
<thead>
<tr>
<th>Year Acquired</th>
<th>Original Cost</th>
<th>Amount Existing Liens</th>
<th>(a) Present Value of Lot</th>
<th>(b) Cost of Improvements</th>
<th>Total (a + b)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Complete this line if this is a refinance loan.

<table>
<thead>
<tr>
<th>Year Acquired</th>
<th>Original Cost</th>
<th>Amount Existing Liens</th>
<th>Purpose of Refinance</th>
<th>Describe Improvements</th>
<th>Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Fee Simple</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title will be held in name(s)</th>
<th>Manner in which Title will be held</th>
<th>Estate will be held in:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Fee Simple</td>
</tr>
</tbody>
</table>

Borrower

<table>
<thead>
<tr>
<th>Borrower's Name (include Jr. or Sr. if applicable)</th>
<th>Social Security Number</th>
<th>Home Phone (incl. area code)</th>
<th>DOB (mm/dd/yyyy)</th>
<th>Yrs. School</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Married</th>
<th>Separated</th>
<th>Unmarried (include single, divorced, widowed)</th>
<th>Dependants (not listed by Co-Borrower)</th>
<th>Ages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<table>
<thead>
<tr>
<th>Present Address (street, city, state, ZIP)</th>
<th>Owner</th>
<th>Rent</th>
<th>No. Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mailing Address, if different from Present Address

Co-Borrower

<table>
<thead>
<tr>
<th>Co-Borrower's Name (include Jr. or Sr. if applicable)</th>
<th>Social Security Number</th>
<th>Home Phone (incl. area code)</th>
<th>DOB (mm/dd/yyyy)</th>
<th>Yrs. School</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Married</th>
<th>Separated</th>
<th>Unmarried (include single, divorced, widowed)</th>
<th>Dependants (not listed by Borrower)</th>
<th>Ages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Present Address (street, city, state, ZIP)</th>
<th>Owner</th>
<th>Rent</th>
<th>No. Yrs.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) | Owner | Rent | No. Yrs. |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IV. EMPLOYMENT INFORMATION

<table>
<thead>
<tr>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Yes, on this job</th>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Yes, on this job</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yrs. employed in this line of work/profession</td>
<td></td>
<td></td>
<td>Yrs. employed in this line of work/profession</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
</tr>
</thead>
</table>

<p>| If employed in current position for less than two years or if currently employed in more than one position, complete the following: | |
|-------------------------------------------------------------------------------| |</p>
<table>
<thead>
<tr>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Dates (from - to)</th>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Dates (from - to)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Monthly Income</td>
<td></td>
<td></td>
<td>Monthly Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
</tr>
</thead>
</table>

<p>| If employed in current position for less than two years or if currently employed in more than one position, complete the following: | |
|-------------------------------------------------------------------------------| |</p>
<table>
<thead>
<tr>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Dates (from - to)</th>
<th>Name &amp; Address of Employer</th>
<th>Self Employed</th>
<th>Dates (from - to)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Monthly Income</td>
<td></td>
<td></td>
<td>Monthly Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
<th>Position/Title/Type of Business</th>
<th>Business Phone (incl. area code)</th>
</tr>
</thead>
</table>
### V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

<table>
<thead>
<tr>
<th>Gross Monthly Income</th>
<th>Borrower</th>
<th>Co-Borrower</th>
<th>Total</th>
<th>Combined Monthly Housing Expense</th>
<th>Present</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Empl. Income*</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other Income</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Dividends/Interest</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Net Rental Income</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other (describe)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

* Self-Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C Monthly Amount:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cash or Market Value</th>
<th>Liabilities and Pledged Assets</th>
<th>ASSETS</th>
<th>Jointly</th>
<th>Monthly Payment &amp; Months Left to Pay</th>
<th>Unpaid Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash deposit toward purchase held by:</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name and address of Bank, S&amp;L, or Credit Union</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acct. no.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name and address of Bank, S&amp;L, or Credit Union</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acct. no.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name and address of Bank, S&amp;L, or Credit Union</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acct. no.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name and address of Bank, S&amp;L, or Credit Union</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acct. no.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks &amp; Bonds (Company name/number &amp; description)</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acct. no.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life insurance net cash value</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Face:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Liquid Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate owned (enter market value from schedule of real estate owned)</td>
<td>Name and address of Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vested interest in retirement fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net worth of businesses owned (attach financial statement)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobiles owned (make and year)</td>
<td>Alimony/Child Support/Separate Maintenance Payments Owed to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Assets (Itemize)</td>
<td>Job-Related Expense (child care, union dues, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>Net Worth (a minus b)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

Freddie Mac Form 65 01/04 Page 2 of 4
Fannie Mae Form 1003 01/04
VI. ASSETS AND LIABILITIES (cont.)

<table>
<thead>
<tr>
<th>Property Address (enter S if sold, PS if pending sale or R if rental being held for income)</th>
<th>Type of Property</th>
<th>Present Market Value</th>
<th>Amount of Mortgages &amp; Liens</th>
<th>Gross Rental Income</th>
<th>Mortgage Payments</th>
<th>Insurance, Maintenance, Taxes &amp; Misc.</th>
<th>Net Rental Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name | Creditor Name | Account Number
---|---|---
| | | |

VII. DETAILS OF TRANSACTION

<table>
<thead>
<tr>
<th>a. Purchase price</th>
<th>$</th>
<th>If you answer &quot;Yes&quot; to any questions a through l, please use continuation sheet for explanation.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Borrower</td>
</tr>
<tr>
<td>b. Alternations, improvements, repairs</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>c. Land (if acquired separately)</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>d. Relinence (incl. debts to be paid off)</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>e. Estimated prepaid items</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>f. Estimated closing costs</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>g. PMI, MIP, Filing Fee</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>h. Discount (if Borrower will pay)</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>i. Total costs (add lines a through h)</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>j. Subordinate financing</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>k. Borrower's closing costs paid by Seller</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>l. Other Credits (explain)</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

m. Loan amount (excludes PMI, MIP, Funding Fee financed) | |

n. PMI, MIP, Funding Fee financed | |

o. Loan amount (add m & n) | |

p. Cash from Borrower (subtrahend j, k, i, l & m from) | |

IX. ACKNOWLEDGMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender’s actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my name and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance thereon; (2) any owner or servicer of the Loan may verify or review any information contained in the application, or any source named in the application, and Lender, its agents, successors, or assigns may rely on the information contained herein; (3) the information shall be used in connection with the underwriting and processing of the Loan and for the purpose of determining eligibility for the Loan; (4) any information contained in this application is true and correct as of the date set forth opposite my name and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance thereon; and (5) the application is true and correct as of the date set forth opposite my name and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance thereon.

Borrower's Signature | Date
---|---

Co-Borrower's Signature | Date
---|---

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender’s compliance with equal credit opportunity, fair housing, and mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may discriminate neither on the basis of this information, nor on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may choose more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is not required to note the information on the basis of visual observation or surname. If you do not wish to furnish the information, please check the box below. (Lender must check the box below in order to complete the application.)

To be completed by Interviewer

Interviewer's Name (print or type) | Name and Address of Interviewer's Employer
---|---

Face-to-face interview | Mail
Tel | Internet

Freddie Mac Form 65 01/04 Page 3 of 4

Fannie Mae Form 1003 01/04
Appendix C to Part 1002—Sample Notification Forms

1. This Appendix contains ten sample notification forms. Forms C–1 through C–4 are intended for use in notifying an applicant that adverse action has been taken on an application or account under §§ 1002.9(a)(1) and (2)(i) of this part. Form C–5 is a notice of disclosure of the right to request specific reasons for adverse action under §§ 1002.9(a)(1) and (2)(ii). Form C–6 is designed for use in notifying an appellant, under §1002.9(c)(2), that an application is incomplete. Forms C–7 and C–8 are intended for use in connection with applications for business credit under §1002.9(a)(3). Form C–9 is designed for use in notifying an applicant of the right to receive a copy of an appraisal under §1002.14. Form C–10 is designed for use in notifying an applicant for nonmortgage credit that the creditor is requesting applicant characteristic information.

2. Form C–1 contains the Fair Credit Reporting Act disclosure as required by sections 615(a) and (b) of that act. Forms C–2 through C–5 contain only the section 615(a) disclosure (that a creditor obtained information from a consumer reporting agency that was considered in the credit decision). A creditor must provide the section 615(a) disclosure when adverse action is taken against a consumer based on information from a consumer reporting agency. A creditor must provide the section 615(b) disclosure when adverse action is taken based on information from an outside source other than a consumer reporting agency. In addition, a creditor must provide the section 615(b) disclosure if the creditor obtained information from an affiliate other than information in a consumer report or other than information concerning the affiliate’s own transactions or experiences with the consumer. Creditors may comply with the disclosure requirements for adverse action based on information in a consumer report obtained from an affiliate by providing either section 615(a) or section 615(b) disclosure. Optional language in Forms C–1 through C–5 may be used to direct the consumer to the entity that provided the credit score for any questions about the credit score, along with the entity’s contact information. Creditors may use or not use this additional language without losing the safe harbor, since the language is optional.

3. The sample forms are illustrative and may not be appropriate for all creditors. They were designed to include some of the factors that creditors most commonly consider. If a creditor chooses to use the checklist of reasons provided in one of the sample forms in this Appendix and if reasons commonly used by the creditor are not provided on the form, the creditor should modify the checklist by substituting or adding other reasons. For example, if “inadequate down payment” or “no deposit relationship with us” are common reasons for taking adverse action on an application, the creditor ought to add or substitute such reasons for those presently contained on the sample forms.

4. If the reasons listed on the forms are not the factors actually used, a creditor will not satisfy the notice requirement by simply checking the closest identifiable factor listed. For example, some creditors consider only references from banks or other depository institutions and disregard finance company references altogether; their statement of reasons should not state “insufficient bank references,” not “insufficient credit references.” Similarly, a creditor that considers bank references and other credit references as distinct factors should treat the two factors separately and disclose them as appropriate. The creditor should either add such other factors to the form or check “other” and include the appropriate explanation. The creditor need not, however, describe how or why a factor adversely affected the application. For example, the notice may say “length of residence” rather than “too short a period of residence.”

5. A creditor may design its own notification forms or use all or a portion of the forms contained in this Appendix. Proper use of Forms C–1 through C–4 will satisfy the requirements of §1002.9(a)(2)(i). Proper use of Forms C–5 and C–6 constitutes full compliance with §§1002.9(a)(2)(ii) and 1002.9(c)(2), respectively. Proper use of Forms C–7 and C–8 will satisfy the requirements of §§1002.9(a)(2)(ii) and (ii), respectively, for applications for business credit. Proper use of Form C–9 will satisfy the requirements of §1002.14 of this part. Proper use of Form C–10 will satisfy the requirements of §1002.3(b)(1).

Form C–1—Sample Notice of Action Taken and Statement of Reasons

Statement of Credit Denial, Termination or Other Action

Date:
Applicant’s Name:
Applicant’s Address:
Description of Account, Transaction, or Requested Credit:
Description of Action Taken:

Part I—Principal Reason(s) for Credit Denial, Termination, or Other Action Taken Concerning Credit

This section must be completed in all instances.

Credit application incomplete
Insufficient number of credit references provided
Unacceptable type of credit references provided
Unable to verify credit references
Temporary or irregular employment
Unable to verify employment
Length of employment
Income insufficient for amount of credit requested
Excessive obligations in relation to income
Unable to verify income
Length of residence
Temporary residence
Unable to verify residence
No credit file
Limited credit experience
Poor credit performance with us
Delinquent past or present credit obligations with others

Collection action or judgment
Garnishment or attachment
Foreclosure or repossession
Bankruptcy
Number of recent inquiries on credit bureau report
Value or type of collateral not sufficient
Other, specify:

Part II—Disclosure of Use of Information Obtained From an Outside Source

This section should be completed if the credit decision was based in whole or in part on information that has been obtained from an outside source.

Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

Name:
Address:
[Toll-free] Telephone number:

[We also obtained your credit score from the consumer reporting agency and used it in making our credit decision.]

Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score:
Date:
Scores range from a low of to a high of
Key factors that adversely affected your credit score:

[Number of recent inquiries on consumer report, as a key factor]

If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address:
[Toll-free] Telephone number:

Our credit decision was based in whole or in part on information
obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, no later than 60 days after you receive this notice, for disclosure of the nature of this information.

If you have any questions regarding this notice, you should contact:

Creditor’s name: 
Creditor’s address: 
Creditor’s telephone number: 

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

Form C–2—Sample Notice of Action Taken and Statement of Reasons

Date

Dear Applicant: Thank you for your recent application. Your request for a loan/a credit card/an increase in your credit limit was carefully considered, and we regret that we are unable to approve your application at this time, for the following reason(s):

Your Income:

[Key factors that adversely affected your credit score:]

[Number of recent inquiries on consumer report, as a key factor]

[If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:]

[Credit Scoring]

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

Form C–3—Sample Notice of Action Taken and Statement of Reasons (Credit Scoring)

Date

Dear Applicant: Thank you for your recent application for . We regret that we are unable to approve your request.

[Reasons for Denial of Credit]

Your application was processed by a [credit scoring] system that assigns a numerical value to the various items of information we consider in evaluating an application. These numerical values are based upon the results of analyses of repayment histories of large numbers of customers.

The information you provided in your application did not score a sufficient number of points for approval of the application. The reasons you did not score well compared with other applicants were:

- Insufficient bank references
- Type of occupation
- Insufficient credit experience
- Number of recent inquiries on credit bureau report

[Your Right to Get Your Consumer Report]

In evaluating your application the consumer reporting agency listed below provided us with information that in whole or in part influenced our decision. The consumer reporting agency played no role in the decision, and is unable to supply specific reasons why we have denied credit to you. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. It can be obtained by contacting: [Name, address, and [toll-free] telephone number of the consumer reporting agency]. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

[Information about Your Credit Score]

We also obtained your credit score from the consumer reporting agency and used it in making our credit decision. Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.

Your credit score: 

Scores range from a low of to a high of .

Key factors that adversely affected your credit score: 

[Credit Scoring]

[Credit Scoring]

[Credit Scoring]
Key factors that adversely affected your credit score:

[Number of recent inquiries on consumer report, as a key factor]

If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address: 
[Toll-free] Telephone number: 
If you have any questions regarding this letter, you should contact us at:
Creditor’s Name: 
Address: 
Telephone:

Sincerely,

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (with certain limited exceptions); because all or part of the applicant’s income derives from any public assistance program; or because applicant’s income derives from any exceptions); because all or part of the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is (name and address as specified by the appropriate agency listed in Appendix A).

Form C-4—Sample Notice of Action Taken, Statement of Reasons and Counteroffer

Date

Dear Applicant: Thank you for your application for . We are unable to offer you credit on the terms that you requested for the following reason(s):

We can, however, offer you credit on the following terms:

If this offer is acceptable to you, please notify us within [amount of time] at the following address:

Our credit decision on your application was based in whole or in part on information obtained in a report from [name, address and [toll-free] telephone number of the consumer reporting agency]. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. You should contact [name and address of the appropriate Federal enforcement agency listed in Appendix A].

Sincerely,

Form C-5—Sample Disclosure of Right To Request Specific Reasons for Credit Denial

Date

Dear Applicant: Thank you for applying to us for .

After carefully reviewing your application, we are sorry to advise you that we cannot [open an account for you/grant a loan to you/increase your credit limit] at this time. If you would like a statement of specific reasons why your application was denied, please contact [our credit service manager] shown below within 60 days of the date of this letter. We will provide you with the statement of reasons within 30 days after receiving your request.

Creditor’s name
Address
Telephone number

If we obtained information from a consumer reporting agency as part of our consideration of your application, its name, address, and [toll-free] telephone number is shown below. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. (You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency)

You have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you received is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

[We also obtained your credit score from the consumer reporting agency and used it in making our credit decision.
Your credit score is a number that reflects the information in your consumer report. Your credit score can change, depending on how the information in your consumer report changes.
Your credit score:
Date:
Scores range from a low of to a high of .
Key factors that adversely affected your credit score:

[Number of recent inquiries on consumer report, as a key factor]

If you have any questions regarding your credit score, you should contact [entity that provided the credit score] at:
Address:
[Toll-free] Telephone number: 
You should know that the Federal Equal Credit Opportunity Act prohibits creditors, such as ourselves, from discriminating against credit applicants on the basis of their race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because they receive income from a public assistance program, or because they may have exercised their rights under the Consumer Credit Protection Act. If you believe there has been discrimination in handling your application you should contact the [name and address of the appropriate Federal enforcement agency listed in Appendix A].

Sincerely,

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised
any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is [name and address as specified by the appropriate agency listed in Appendix A].

Form C–6—Sample Disclosure of Right to Request Specific Reasons for Credit Denial Given at Time of Application

Creditor’s name
Address

Dear Applicant: Thank you for your application for credit. The following information is needed to make a decision on your application:

We need to receive this information by [date]. If we do not receive it by that date, we will regrettably be unable to give further consideration to your credit request.

Sincerely,

Form C–7—Sample Notice of Action Taken and Statement of Reasons (Business Credit)

Creditor’s name
Creditor’s address
Date

Dear Applicant: Thank you for applying to us for credit. We have given your request careful consideration, and regret that we are unable to extend credit to you at this time for the following reasons:

[Insert appropriate reason, such as: Value or type of collateral not sufficient; Lack of established earnings record; Slow or past due in trade or loan payments]

Sincerely,

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is [name and address as specified by the appropriate agency listed in Appendix A].

Form C–8—Sample Disclosure of Right To Request Specific Reasons for Credit Denial Given at Time of Application (Business Credit)

Creditor’s name
Creditor’s address

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact [name, address and telephone number of the person or office from which the statement of reasons can be obtained] within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant’s income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is [name and address as specified by the appropriate agency listed in Appendix A].

Appendix D to Part 1002—Official Interpretations

Following is an official interpretation of Regulation B (12 CFR Part 1002) issued by the Bureau of Consumer Financial Protection. References are to sections of the regulation or the Equal Credit Opportunity Act (15 U.S.C. 1601 et seq.).

Introduction

1. Official status. Section 706(e) of the Equal Credit Opportunity Act protects a creditor from civil liability for any act done or omitted in good faith in conformity with an interpretation issued by a duly authorized official of the Bureau. This commentary is the means by which the Bureau of Consumer Financial Protection issues official interpretations of Regulation B. Good-faith compliance with this commentary affords a creditor protection under section 706(e) of the Act.

2. Issuance of interpretations. Under Appendix D to the regulation, any person may request an official interpretation. Interpretations will be issued at the discretion of designated officials and incorporated in this commentary following publication for comment in the Federal Register. Except in unusual circumstances, official interpretations will be issued only by means of this commentary.

3. Comment designations. The comments are designated as such specificity as possible according to the particular regulatory provision addressed. Each comment in the commentary is identified by a number and the regulatory section or paragraph that it interprets. For example, comments to § 1002.2(c) are further divided by subparagraph, such as comment 2(c)(1)(iii–1) and comment 2(c)(2)(ii–1).

Section 1002.1—Authority, Scope, and Purpose

1(a) Authority and scope.
1. **Scope.** The Equal Credit Opportunity Act and Regulation B apply to all credit—commercial as well as personal—without regard to the nature or type of the credit or the creditor, except for an entity excluded from coverage of this part (but not the Act) by see comment 2(c)(2)(i). 12 C.F.R. Part 1026.

Further, the definition of creditor is not restricted to the party or person to whom the obligation is initially payable, as is the case under Regulation Z. Moreover, the Act and regulation apply to all methods of credit valuation, whether performed judgmentally or by use of a credit scoring system.

2. **Foreign applicability.** Regulation B generally does not apply to lending activities that occur outside the United States. The regulation does apply to lending activities that take place within the United States as well as the Commonwealth of Puerto Rico and any territory or possession of the United States, whether or not the applicant is a citizen.

3. **Bureau.** The term Bureau, as used in this part, means the Bureau of Consumer Financial Protection.

### Section 1002.2—Definitions

#### 2(c) Adverse action.

#### Paragraph 2(c)(1)(i).

**Application for credit.** If the applicant applied in accordance with the creditor’s procedures, a refusal to refinance or extend the term of a business or other loan is adverse action.

Paragraph 2(c)(1)(ii).

**Move from service area.** If a credit card issuer terminates the open-end account of a customer because the customer has moved out of the card issuer’s service area, the termination is adverse action unless termination on this ground was explicitly provided for in the credit agreement between the parties. In cases where termination is adverse action, notification is required under § 1002.9.

#### 2(e) Applicant.

**Assume an account.** If a mortgagor sells or transfers mortgaged property and the buyer makes an application to the creditor to assume the mortgage loan, the mortgagor must treat the buyer as an applicant unless its policy is not to permit assumptions.

#### 2(f) Application.

**Request to assume loan.** If a mortgagor sells or transfers the mortgaged property and the buyer makes an application to the creditor to assume the mortgage loan, the mortgagor must treat the buyer as an applicant unless its policy is not to permit assumptions.

#### 2(g) Procedures used.

**Termination based on credit limit.** If a creditor terminates credit accounts that have low credit limits (for example, under $400) but keeps open accounts with higher credit limits, the termination is adverse action and notification is required under § 1002.9.

Paragraph 2(c)(2)(ii).

**Default—exercise of due-on-sale clause.** If a mortgagee, and the mortgagee exercises its rights as being in default. An adverse action notice must be given to the consumer, not on what the consumer says or asks. (See comment 9–5 for further discussion of preapproval requests; see comment 2)(g)(5) for a discussion of preapproval requests.)

#### 4. Examples of inquiries that are not applications.

The following examples illustrate situations in which only an inquiry has taken place:

1. **Consumer calls to ask about loan terms and an employee explains the creditor’s basic loan terms, such as interest rates, loan-to-value ratio, and debt-to-income ratio.**

2. **Consumer calls to ask about interest rates for car loans, and, in order to quote the appropriate rate, the loan officer asks for the make and sales price of the car and the amount of the downpayment, then gives the consumer the rate.**

3. **Consumer asks about terms for a loan to purchase a home and tells the loan officer her income and intended downpayment, but the loan officer only explains the creditor’s loan-to-value ratio policy and other basic lending policies, without telling the consumer whether she qualifies for the loan.**

4. **Consumer calls to ask about terms for a loan to purchase vacant land and states his income and the sales price of the property to be financed, and asks whether he qualifies for a loan; the employee responds by describing the general lending policies, explaining that he would need to look at all of the consumer’s qualifications prior to making a decision, and offering to send an application form to the consumer.**

#### 5. Examples of an application.

An application for credit includes the following situations:

1. **Person asks a financial institution to “prescreen” her for a loan (for example, to finance a house or a vehicle she plans to buy) and the institution reviews the request under a program in which the institution, after a comprehensive analysis of her creditworthiness, issues a written commitment valid for a designated period of time to extend a loan up to a specified amount.** The written commitment may not be subject to conditions other than conditions that require the identification of adequate collateral, conditions that require no material change in the applicant’s financial condition or creditworthiness prior to funding the loan, and limited conditions that are not related to the financial condition or creditworthiness of the applicant that the lender ordinarily attaches to a traditional application (such as certification of a clear termite inspection for a home purchase loan, or a maximum mileage requirement for a used car loan). But if the creditor’s program does not provide for giving written commitments, requests for preapprovals are treated as prequalification requests for purposes of the requirement.

2. **Under the same facts as above, the financial institution evaluates the person’s creditworthiness and determines that she does not qualify for a preapproval.**

#### 6. Completed application—diligence requirement.

The regulation defines a completed application in terms that give a
Standards for statistical soundness. To ensure that credit scoring systems meet recognized professional statistical standards frequently enough to ensure that it continues to meet recognized professional statistical standards for statistical soundness. To ensure that predictive ability is being maintained, the creditor must periodically review the performance of the system. This could be done, for example, by analyzing the loan portfolio to determine the delinquency rate for each score interval, or by analyzing population stability over time to detect deviations from scores of the applicant population used to validate the system. If this analysis indicates that the system no longer predicts risk with statistical soundness, the system must be adjusted as necessary to reestablish its predictive ability. A credit scoring system for ensuring its system is validated and revalidated based on the creditor’s own data.

2. Pooled data scoring systems. A scoring system or the data from which to develop such a system may be obtained from either a single credit grantor or multiple credit grantors. The resulting system will qualify as an empirically derived, demonstrably and statistically sound, credit scoring system provided the criteria set forth in paragraph (p)(1)(i) through (iv) of this section are met. A credit scoring system for ensuring its system is validated and revalidated based on the creditor’s own data when it becomes available.

4. Effects test and disparate treatment. An empirically derived, demonstrably and statistically sound, credit scoring system may include age as a predictive factor (provided that the age of an elderly applicant is not assigned a negative factor or value). Besides age, no other prohibited basis may be used as a variable. Generally, credit scoring systems treat all applicants objectively and thus avoid disparate treatment. In cases where a credit scoring system is used in conjunction with individual discretion, disparate treatment could conceivably occur in the evaluation process. In addition, neutral factors used in credit scoring systems could nonetheless be subject to challenge under the effects test. (See comment 6(a)–2 for a discussion of the effects test).

2(w) Open-end credit.
1. Open-end real estate mortgages. The term “open-end credit” does not include negotiated advances under an open-end real estate mortgage or a letter of credit.

2(g) Prohibited basis.
1. Persons associated with applicant. As used in this part, prohibited basis refers not only to characteristics—the race, color, religion, national origin, sex, marital status, or age—of an applicant (or officers of an applicant in the case of a corporation) but also to the characteristics of individuals with whom an applicant is affiliated or with whom the applicant associates. This means, for example, that under the general rule stated in §1002.4(a), a creditor may not discriminate against an applicant because of that person’s personal or business dealings with members of a certain religion, because of the national origin of any persons associated with the extension of credit (such as the tenant of the apartment complex being financed), or because of the race of other residents in the neighborhood where the property offered as collateral is located.

2. National origin. A creditor may not refuse to grant credit because an applicant comes from a particular country but may take the applicant’s immigration status into account. A creditor may also take into account any applicable law, regulation, or executive order restricting dealings with citizens (or the government) of a particular country or imposing limitations regarding credit extended for their use.

Public assistance programs. Any Federal, state, or local governmental assistance program that provides a continuing, periodic income supplement, whether premised on entitlement or need, is “public assistance” for purposes of the regulation. The term “public assistance” includes (but is not limited to) Temporary Aid to Needy Families, food stamps, rent and mortgage supplement or assistance programs, social security and supplemental security income, and unemployment compensation. Only physicians, hospitals, and others to whom the benefits are payable need consider Medicare and Medicaid as public assistance.

Section 1002.3—Limited Exceptions for Certain Classes of Transactions
1. Scope. Under this section, procedural requirements of the regulation do not apply to certain types of credit. All classes of transactions remain subject to §1002.4(a), the general rule barring discrimination on a prohibited basis, and to any other provision not specifically excepted.

3(a) Public-utilities credit.
1. Definition. This definition applies only to credit for the purchase of a utility service, such as electricity, gas, or telephone service. Credit provided or offered by a public utility for some other purpose—such as for financing the purchase of a gas dryer, telephone equipment, or other durable goods, or for insulation or other home improvements—is not excepted.

2. Security deposits. A utility company is a creditor when it supplies utility service and bills the user after the service has been provided. Thus, any credit term (such as a requirement for a security deposit) is subject to the regulation’s bar against discrimination on a prohibited basis.

3. Telephone companies. A telephone company’s credit transactions qualify for the exceptions provided in §1002.3(a) only if the company is regulated by a government unit or files the charges for service, delayed payment, or any discount for prompt payment with a government unit.

3(c) Incidental credit.
1. Examples. If a service provider (such as a hospital, doctor, lawyer, or merchant) allows the client or customer to defer the payment of a bill, this deferral of debt is credit for purposes of the regulation, even though there is no finance charge and no agreement for payment in installments. Because of the exceptions provided by this section, however, these particular credit extensions are exempted from compliance with certain procedural requirements as specified in §1002.3(c).

3(d) Government credit.
1. Credit to governments. The exception relates to credit extended to (not by) governmental entities. For example, credit extended to a local government is covered by this exception, but credit extended to consumers by a Federal or state housing agency does not qualify for special treatment under this category.
Paragraph 4(c).

1. Requirement for written applications. Model application forms are provided in Appendix B to the regulation, although use of a printed form is not required. A creditor will satisfy the requirement by writing down the information that it orally obtains by telephone for dwelling-related credit covered by § 1002.13 can meet the requirement for written applications by writing down pertinent information that is provided by the applicant.

3. Computerized entry. Information entered directly into and retained by a computerized system qualifies as a written application under this paragraph. (See the commentary to § 1002.13(b), Applications through electronic media and Applications through video.) Paragraph 4(d).

1. Clear and conspicuous. This standard requires that disclosures be presented in a reasonably understandable format in a way that does not obscure the required information. No minimum type size is mandated, but the disclosures must be legible, whether typewritten, handwritten, or printed by computer.

2. Form of disclosures. Whether the disclosures required to be on or with an application must be in electronic form depends upon the following:

i. If an applicant accesses a credit application electronically (other than as described under ii below), such as online at a home computer, the creditor must provide the disclosures in electronic form (such as with the application form on its Web site) in order to meet the requirement to provide disclosures in a timely manner on or with the application. If the creditor instead mailed paper disclosures to the applicant, this requirement would not be met.

ii. In contrast, if an applicant is physically present in the creditor’s office, and accesses a credit application electronically, such as via a terminal, the creditor must provide the disclosures required by this paragraph.

The ownership of assets, which could disclose the interest of a spouse.

iv. The source of income to be used as the basis for repaying the credit requested, which could disclose that it is the income of a spouse.

Whether any obligation disclosed by the applicant has a co-obligor, which could disclose that the co-obligor is a spouse or former spouse.

2. General inquiry about source of income.

Since a general inquiry about the source of income may lead an applicant to disclose alimony, child support, or separate maintenance income, a creditor making such an inquiry on an application form should preface the request with the disclosure required by this paragraph.

3. Specific inquiry about sources of income. A creditor need not give the disclosure if the inquiry about income is specific and worded in a way that is unlikely to lead the applicant to disclose the fact that income is derived from alimony, child support, or separate maintenance payments. For example, an application form that asks about specific types of income such as salary, wages, or investment income need not include the disclosure.

Section 1002.5—Rules Concerning Requests for Information


1. Requests for information. This section governs the types of information that a creditor may request. Section 1002.6 governs how information may be used. Paragraph 5(a)(2).

1. Local laws. Information that a creditor is allowed to collect pursuant to a statute or regulation includes information required by a local statute, regulation, or ordinance.

2. Information required by Regulation C. Regulation C generally requires creditors covered by the Home Mortgage Disclosure Act (HMDA) to collect and report information about the race, ethnicity, and sex of applicants for home-improvement loans and home-purchase loans, including some types of loans not covered by § 1002.13.

Collecting information on behalf of creditors. Persons such as loan brokers and correspondents do not violate the ECOA or Regulation B if they collect information that they are otherwise prohibited from collecting, where the purpose of collecting this information is to provide it to a creditor that is subject to the Home Mortgage Disclosure Act or another Federal or state statute or regulation requiring data collection.

Section 1002.6—Rules Concerning Evaluation of Applications

6(a) General rule concerning use of information.

1. General. When evaluating an application for credit, a creditor generally may consider any information obtained. However, a creditor may not consider in its evaluation of creditworthiness any information that it is barred by § 1002.5 from obtaining or from
using for any purpose other than to conduct a self-test under § 1002.15.

2. Effects test. The effects test is a judicial doctrine that was developed in a series of employment cases decided by the U.S. Supreme Court under Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.), and the burdens of proof for such employment cases were codified by Congress in the Civil Rights Act of 1991 (42 U.S.C. 2000e–2). Congressional intent that this doctrine apply to the credit area is documented in the Senate Report that accompanied H.R. 6516, No. 94–589, pp. 4–5; and in the House Report that accompanied H.R. 6516, No. 94–210, p.5. The Act and regulation may prohibit a creditor practice that is discriminatory in effect because it has a disproportionately negative impact on a prohibited basis, even though the creditor has no intent to discriminate and the practice appears neutral on its face, unless the creditor practice meets a legitimate business need that cannot reasonably be achieved as well by less disparate in their impact. For example, requiring that applicants have income in excess of a certain amount to qualify for an overdraft line of credit could mean that women and minority applicants will be rejected at a higher rate than men and nonminority applicants. If there is a demonstrable relationship between the income requirement and creditworthiness for the level of credit involved, however, use of the income standard would likely be permissible.

6(b) Specific rules concerning use of information

Paragraph 6(b)(1).

1. Prohibited basis—special purpose credit. In a special purpose credit program, a creditor may consider a prohibited basis to determine whether the applicant possesses a characteristic needed for eligibility. (See §1002.8.)

Paragraph 6(b)(2).

1. Favoring the elderly. Any system of evaluating creditworthiness may favor a credit applicant who is age 62 or older. A creditor may score or take into account the total sum of all income stated by the applicant, including the income for reliability.

2. Consideration of age in a credit scoring system. Age may be taken directly into account in a credit scoring system that is “demonstrably and statistically sound,” as defined in §1002.2(p), with one limitation: Applicants age 62 years or older must be treated at least as favorably as applicants who are under age 62. If age is scored by assigning points to an applicant’s age category, elderly applicants must receive the same or a greater number of points as the most favored class of nonelderly applicants.

1. Age score systems. Some credit systems segment the population and use different scorecards based on the age of an applicant. In such a system, one card may cover a narrow age range (for example, applicants in their twenties or younger) who are evaluated under attributes predictive for that age group. A second card may cover all other applicants, who are evaluated under the attributes predictive for that broader class. When a system uses a card covering a wide age range that encompasses elderly applicants, the credit scoring system is not deemed to score age. Thus, the system does not raise the concern with the Act and regulation in such a case, the creditor must ensure that the system does not assign a negative factor or value to the age of elderly applicants. But if a system segments the population by age into multiple scorecards, and includes elderly applicants in a narrower age range, the credit scoring system does score age. The Act and regulation in such a case, the creditor must ensure that the system does not assign a negative factor or value to the age of elderly applicants as a class.

3. Consideration of age in a judgmental system. In a judgmental system, defined in §1002.2(t), a creditor may not decide whether to extend credit or set the terms and conditions of credit based on age or information related exclusively to age. Age or age-related information may be considered only in overall or composite factors constituting creditworthiness.” (See comment 6(b)(2)–3.)

6. Consideration of public assistance. When considering income derived from public assistance programs, the creditor may take into account, for example, that the income is "demonstrably and statistically sound." Age could be used in the credit scoring portion, however, in the judgmental portion age may not be considered directly. It may be used only for the purpose of defining a “pertinent element of creditworthiness.” (See comment 6(b)(2)–3.)
C. A creditor that does not evaluate all income components for reliability must treat as reliable any component of protected income that is not evaluated.

ii. In considering the separate components of an applicant’s income, the creditor may not automatically discount or exclude from consideration any protected income. Any discounting or exclusion must be based on the applicant’s actual circumstances.

4. Part-time employment, sources of income. A creditor may score or take into account the fact that an applicant has more than one source of earned income—a full-time and a part-time job or two part-time jobs. A creditor may also score or treat earned income from a secondary source differently than earned income from a primary source. The creditor may not, however, score or otherwise take into account the number of sources for income such as retirement income, social security, supplemental security income, and alimony. Nor may the creditor treat negatively the fact that an applicant’s only earned income is derived from, for example, a part-time job.

Paragraph 6(b)(6).

1. Types of credit references. A creditor may restrict the types of credit history and credit references that it will consider, provided that the restrictions are applied to all credit applicants without regard to sex, marital status, or any other prohibited basis. On the applicant’s request, however, a creditor must consider credit information not reported through a credit bureau when the information relates to the same types of credit references and history that the creditor would consider if reported through a credit bureau.

Paragraph 6(b)(7).

1. National origin—immigration status. The applicant’s immigration status and ties to the community (such as employment and continued residence in the area) could have a bearing on a creditor’s ability to obtain repayment. Accordingly, the creditor may consider immigration status and differentiate, for example, between a noncitizen who is a long-time resident with permanent resident status and a noncitizen who is temporarily in this country on a student visa.

2. National origin—citizenship. A denial of credit on the ground that an applicant is not a United States citizen is not per se discrimination based on national origin.

Paragraph 6(b)(8).

1. Prohibited basis—marital status. A creditor may consider the marital status of an applicant or joint applicant for the purpose of ascertaining the creditor’s rights and remedies applicable to the particular extension of credit. For example, in a secured transaction involving real property, a creditor could take into account whether state law gives the applicant’s spouse an interest in the property being offered as collateral.

Section 1002.7—Rules Concerning Extensions of Credit

7(a) Individual accounts. 1. Open-end credit—authorized user. A creditor may not require a creditworthy applicant seeking an individual credit account to provide additional signatures. But the creditor may condition the designation of an authorized user by the account holder on the authorized user’s becoming contractually liable for the account, as long as the creditor does not differentiate on any prohibited basis in imposing this requirement.

2. Open-end credit—choice of authorized user. A creditor may require an account holder to designate an authorized user may not restrict this designation on a prohibited basis. For example, if the creditor allows the designation of spouses as authorized users, the creditor may not refuse to accept a non-spouse as an authorized user.

3. Overdraft authority on transaction accounts. If a transaction account (such as a checking account or NOW account) includes an overdraft line of credit, the creditor may require that all persons authorized to draw on the transaction account assume liability for any overdraft.

7(b) Designation of name. 1. Single name on account. A creditor may require that joint applicants on an account designate a single name for purposes of administering the account and that a single name be embossed on any credit cards issued on the account. But the creditor may not require that the name be the husband’s name. (See § 1002.10 for rules governing the furnishing of credit history on accounts held by spouses.)

2. Action concerning existing open-end accounts.

Paragraph 7(c)(1).

1. Termination coincidental with marital status change. When an account holder’s marital status changes, a creditor generally may not terminate the account unless it has evidence that the account holder is now unable or unwilling to repay. But the creditor may terminate an account on which both spouses are jointly liable, even if the account coincides with a change in marital status, when one or both spouses:

i. Repudiate responsibility for future charges on the joint account.

ii. Request separate accounts in their own names.

iii. Request that the joint account be closed.

2. Updating information. A creditor may periodically request updated information from applicants but may not use events related to a prohibited basis—such as an applicant’s retirement or reaching a particular age, or a change in name or marital status—to trigger such a request.

Paragraph 7(c)(2).

1. Procedure pending reapplication. A creditor may require a reapplication from an account holder, even when there is no evidence of unwillingness or inability to repay. If (1) the credit was based on the qualifications of a person who is no longer available to support the credit and (2) the creditor has information indicating that the account holder’s income may be insufficient to support the credit. While a reapplication is pending, the creditor must allow the account holder to use, and the account under the existing contract terms. The creditor may specify a reasonable time period within which the account holder must submit the required information.

7(d) Signature of spouse or other person.

1. Qualified applicant. The signature rules ensure that qualified applicants are able to obtain credit in their own names. Thus, when an applicant requests individual credit, a creditor generally may not require the signature of another person unless the creditor has first determined that the applicant alone does not qualify for the credit requested.

2. Unqualified applicant. When an applicant requests individual credit but does not meet a creditor’s standards, the creditor may require a cosigner—even if the creditor applies the requirement without regard to sex, marital status, or any other prohibited basis. (But see commentary to §§ 1002.7(d)(5) and (6).)

Paragraph 7(d)(1).

1. Signature of another person. It is impermissible for a creditor to require an applicant who is individually creditworthy to provide a cosigner—even if the creditor applies the requirement without regard to sex, marital status, or any other prohibited basis. (But see commentary to §§ 1002.7(d)(6)–1 concerning guarantors of closely held corporations.)

2. Joint applicant. The term “joint applicant” refers to a couple who applies contemporaneously with the applicant for shared or joint credit. It does not refer to someone whose signature is required by the creditor as a condition for granting the credit requested.

3. Evidence of joint application. A person’s intent to be a joint applicant must be evidenced at the time of application. Signatures on a promissory note may not be used to show intent to apply for joint credit. On the other hand, signatures or initials on a credit application affirming applicants’ intent to apply for joint credit may be used to establish intent to apply for joint credit. (See Appendix B.) The method used to establish intent must be distinct from the means used by individuals to affirm the accuracy of information. For example, signatures on a joint financial statement affirming the veracity of information are not sufficient to establish intent to apply for joint credit.

Paragraph 7(d)(2).

1. Jointly owned property. If an applicant requests unsecured credit, does not own sufficient separate property, and relies on joint property to establish creditworthiness, the creditor must value the applicant’s interest in the jointly owned property. A creditor may not request that a nonapplicant joint owner sign any instrument as a condition of the credit extension unless the applicant’s interest does not support the amount and terms of the credit sought.

i. Valuation of applicant’s interest. In determining the value of an applicant’s interest in jointly owned property, a creditor may consider factors such as the form of ownership and the property’s susceptibility to attachment, execution, severance, or partition; the value of the applicant’s interest after such action; and the cost associated with the action. This determination must be based on the existing form of ownership, and not on the possibility of a subsequent change. For example, in determining whether a married applicant’s interest in jointly owned property is sufficient to satisfy the creditor’s standards of creditworthiness for individual credit, a creditor may not consider that the applicant’s separate property could be
makes clear—for example, by a legend placed next to the spouse’s signature—that the spouse’s signature is only to grant a security interest and that signing the instrument does not impose personal liability.

Paragraph 7(d)(5).

1. Qualification of additional parties. In establishing guidelines for eligibility of guarantors, cosigners, or similar additional parties, a creditor may restrict the applicant’s choice of additional parties but may not discriminate on the basis of sex, marital status, or any prohibited basis. For example, the creditor could require that the additional party live in the creditor’s market area.

2. Reliance on income of another person—individual credit. An applicant who requests individual credit relying on the income of another person (including a spouse in a non-community property state) may be required to provide the signature of the other person to make the income available to pay the debt. In community property states, the signature of the non-applicant spouse is required to make the income available. If the applicant relies on the non-applicant spouse’s income to make the credit available, the creditor must determine whether an additional party is still warranted and, if not warranted, release the additional party.

Paragraph 7(d)(6).

1. Guarantees. A guarantee on an extension of credit is part of a credit transaction and therefore subject to the regulation. A creditor may require the personal guarantee of the partners, directors, or officers of a business, and the shareholders of a closely held corporation or other entity. If the business or corporation is creditworthy, the requirement must be based on the guarantor’s relationship with the business or corporation, however, and not on a prohibited basis. For example, a creditor may not require guarantees only for women-owned or minority-owned businesses. Similarly, a creditor may not require guarantees only of the married officers of a business or the married shareholders of a closely held corporation.

2. Spousal guarantees. The rules in § 1002.7(d) bar a creditor from requiring the signature of a guarantor’s spouse just as they bar the creditor from requiring the signature of an applicant’s spouse. For example, although a creditor may require all officers of a closely held corporation to personally guarantee a corporate loan, the creditor may not automatically require that spouses of married officers also sign the guarantee. If an evaluation of the financial circumstances of an officer indicates that an additional signature is necessary, however, the creditor may require the signature of another person in appropriate circumstances in accordance with § 1002.7(d)(2).

7(e) Insurance.

1. Differences in terms. Differences in the availability, rates, and other terms on which credit-related casualty insurance or credit life, health, accident, or disability insurance is offered or provided to an applicant does not violate Regulation B.

2. Insurance information. A creditor may obtain information about an applicant’s age, sex, or marital status for insurance purposes. The information may only be used for determining eligibility and premium rates for insurance, however, and not in making the credit decision.

Section 1002.8—Special Purpose Credit Programs

8(a) Standards for programs.

1. Determining qualified programs. The Bureau does not determine whether individual programs qualify for special purpose credit status, or whether a particular program benefits an “economically disadvantaged class of persons.” The agency believes that establishing guidelines for eligibility of guarantors, cosigners, or similar additional parties as creditworthiness of a person who applies for credit sought, the creditor may offer the additional party live in the creditor’s market area. A creditor’s reasonable belief as to what instruments need to be signed by a person other than the applicant should be supported by a thorough review of pertinent statutory and decisional law or an opinion of the state attorney general.

Paragraph 7(d)(3).

1. Residency. In assessing the creditworthiness of a person who applies for credit, a creditor in a community property state, a creditor may assume that the applicant is a resident of the state unless the applicant indicates otherwise.

Paragraph 7(d)(4).

1. Creation of enforceable lien. Some state laws require that both spouses join in executing any instrument by which real property is encumbered. If an applicant offers such property as security for credit, a creditor may require the applicant’s spouse to sign the instruments necessary to create a valid security interest in the property. The creditor may not require the spouse to sign the note evidencing the credit obligation if signing only the mortgage or other security agreement is sufficient to make the property available to satisfy the debt in the event of default. However, if under state law both spouses must sign the note to create an enforceable lien, the creditor may require the signatures.

2. Need for signature—reasonable belief. Generally, a signature to make the secured property available will only be needed on a security agreement. A creditor’s reasonable belief that, to ensure access to the property, the spouse’s signature is needed on an instrument that imposes personal liability should be supported by a thorough review of pertinent statutory and decisional law or an opinion of the state attorney general.

3. Integrated instruments. When a creditor uses an integrated instrument that combines the note and the security agreement, the spouse cannot be asked to sign the integrated instrument if the signature is only needed to grant a security interest. But the spouse could be asked to sign an integrated instrument that

transferred into tenancy by the entirety after consummation. Similarly, a creditor may not consider the possibility that the couple may divorce. Accordingly, a creditor may not require the signature of the non-applicant spouse in these or similar circumstances.

ii. Opinions of state officials. Where the state requires a signature of the spouse, the creditor may offer the additional party live in the creditor’s market area. A creditor’s reasonable belief as to what instruments need to be signed by a person other than the applicant should be supported by a thorough review of pertinent statutory and decisional law or an opinion of the state attorney general.

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3. Integrated instruments. When a creditor uses an integrated instrument that combines the note and the security agreement, the spouse cannot be asked to sign the integrated instrument if the signature is only needed to grant a security interest. But the spouse could be asked to sign an integrated instrument that
8(b) Rules in other sections.

1. Applicability of rules. A creditor that rejects an application because the applicant does not meet the eligibility requirements (common characteristic or financial need, for example) must nevertheless notify the applicant of action taken as required by §1002.9.

8(c) Special rule concerning requests and use of information.

1. Request of prohibited basis information. This section permits a creditor to request and consider information that would otherwise be prohibited by §§1002.5 and 1002.6 to determine an applicant’s eligibility for a particular program.

2. Examples. Examples of programs under which the creditor can ask for and consider information about a prohibited basis are:

i. Energy conservation programs to assist the elderly, for which the creditor must consider the applicant’s age.

ii. Programs under a Minority Enterprise Small Business Corporation, for which a creditor must consider the applicant’s minority status.

8(d) Special rule in the case of financial need.

1. Request of prohibited basis information. This section permits a creditor to request and consider certain information that would otherwise be prohibited by §§1002.5 and 1002.6, and to require signatures that would otherwise be prohibited by §1002.7(d).

2. Examples. Examples of programs in which financial need is a criterion are:

i. Subsidized housing programs for low-to moderate-income households, for which a creditor may have to consider the applicant’s receipt of alimony or child support, the spouse’s or parents’ income, etc.

ii. Student loan programs based on the family’s financial need, for which a creditor may have to consider the spouse’s or parents’ financial resources.

3. Student loans. In a guaranteed student loan program, the creditor may obtain the signature of a parent as a guarantor when required by Federal or state law or agency regulation, or when the student does not meet the creditor’s standards of creditworthiness. (See §§1002.7(d)(1) and (5).) The creditor may not require an additional signature when a student has a work or credit history that satisfies the creditor’s standards.

Section 1002.9—Notifications

1. Use of the term adverse action. The regulation does not require that a creditor use the term adverse action in communicating to an applicant that a request for an extension of credit has not been approved. In notifying an applicant of adverse action as defined by §1002.21(c)(1), a creditor may use any words or phrases that describe the action taken on the application.

2. Expressly withdrawn applications. When an applicant expressly withdraws a credit application, the creditor is not required to comply with the notification requirements under §1002.9. (The creditor must comply, however, with the record retention requirements of the regulation. See §1002.12(b)(3).)

4. When notification occurs. Notification occurs when a creditor delivers or mails a notice to the applicant’s last known address or, in the case of an oral notification, when the creditor communicates the credit decision to the applicant.

4. Location of notice. The notifications required under §1002.9 may appear on either oral or written notice.

5. Prequalification requests. Whether a creditor will provide a notice of action taken for a prequalification request depends on the creditor’s response to the request, as discussed in comment 2(d)-3. For instance, a creditor may require the applicant to answer an inquiry if the creditor evaluates specific information about the consumer and tells the consumer the loan amount, rate, and other terms of credit the consumer could qualify for under various loan programs explaining the process the consumer must follow to submit a mortgage application and the information the creditor will analyze in reaching a credit decision. On the other hand, a creditor has treated a request as an application, and is subject to the adverse action notice requirements of §1002.9 if, after evaluating information, the creditor decides that it will not approve the request and communicates that decision to the consumer. For example, if the creditor concludes that it would not approve an application for a mortgage because of a bankruptcy in the consumer’s record, the creditor has denied an application for credit.

(a) Notification of action taken, ECOA notice, and statement of specific reasons. Paragraph 9(a)(1).

1. Timing of notice—when an application is complete. Once a creditor has obtained all the information it normally considers in making a credit decision, the application is complete and the creditor must have 30 days in which to notify the applicant of the credit decision. (See also comment 2(d)-6.)

2. Notification of approval. Notification of approval may be express or by implication. For example, the creditor will satisfy the notification requirement when it gives the applicant the credit card, money, property, or services requested.

3. Incomplete application—denial for incompleteness. When an application is incomplete regarding information that the applicant can provide and the creditor lacks sufficient data for a credit decision, the creditor may deny the application giving as the reason for denial that the application is incomplete. The creditor has the option, alternatively, of providing notice of incompleteness under §1002.9(c).

4. Incomplete application—denial for reasons other than incompleteness. When an application is missing information but provides sufficient data for a credit decision, the creditor may evaluate the application, make its credit decision, and notify the applicant accordingly. If credit is denied, the applicant must be given the specific reasons for the credit denial (or notice of the right to receive the reasons); in this instance missing information is “incomplete information,” and cannot be given as the reason for the denial.

5. Length of counteroffer. Section 1002.9(a)(1)(iv) does not require a creditor to hold a counteroffer open for 90 days or any other particular length of time.

6. Counteroffer combined with adverse action notice. A creditor that gives the applicant a combined counteroffer and adverse action notice that complies with §1002.9(a)(2) need not send a second adverse action notice if the applicant does not accept the counteroffer. A sample of a combined notice is contained in form C-4 of Appendix C to the regulation.

7. Denial of a telephone application. When an application is made by telephone and adverse action is taken, the creditor must request the applicant’s name and address in order to provide written notification under this section. If the applicant declines to provide that information, then the creditor has no further notification responsibility.

Paragraph 9(a)(3).

1. Coverage. In determining which rules in this paragraph apply to a given business credit application, a creditor may rely on the applicant’s assertion about the revenue size of the business. (Applications to start a business are governed by the rules in §1002.9(a)(3)(i).) If an applicant applies for credit as a sole proprietor, the revenues of the sole proprietorship will determine which rules govern the application. However, if an applicant applies for business credit as an individual, the rules in §1002.9(a)(3)(i) apply unless the application is for trade or similar credit.

2. Trade credit. The term trade credit generally is limited to a financing arrangement that involves a buyer and a seller—for such a supplier who finances the sale of equipment, supplies, or inventory; it does not apply to an extension of credit by a bank or Federal agency or similar financing of such items.

3. Factoring. Factoring refers to a purchase of accounts receivable, and thus is not subject to the Act or regulation. If there is a credit extension incident to the factoring arrangement, the notification rules in §1002.9(a)(3)(ii) apply, as do other relevant sections of the Act and regulation.

4. Manner of compliance. In complying with the notice provisions of the Act and regulation, creditors offering business credit may follow the rules governing consumer credit. Similarly, creditors may elect to treat all business credit the same (irrespective of revenue size) by providing notice in accordance with §1002.9(a)(3)(i).

5. Timing of notification. A creditor subject to §1002.9(a)(3)(ii)(A) is required to notify a business credit applicant, orally or in writing, of action taken on an application within a reasonable time of receiving a completed application. Notice provided in accordance with the timing requirements of §1002.9(a)(1) is deemed reasonable in all instances.

9(b) Form of ECOA notice and statement of specific reasons.

Paragraph 9(b)(1).

1. Substantially similar notice. The ECOA notice sent with a notification of a credit denial or other adverse action will comply with the regulation if it is “substantially similar” to the notice contained in §1002.9(b)(1). For example, a creditor may add a reference to the fact that the ECOA permits age to be considered in certain credit scoring systems, or add a reference to a similar state statute or regulation and to a state enforcement agency.
Paragraph 9(b)(2).

1. Number of specific reasons. A creditor must disclose the principal reasons for denying an application or taking other adverse action. The regulation does not mandate that a specific number of reasons be disclosed, but disclosure of more than four reasons is not likely to be helpful to the applicant.

2. Source of specific reasons. The specific reasons disclosed under §§ 1002.9(a)(2) and (b)(2) must relate to and accurately describe the factors actually considered or scored by a creditor.

3. Description of reasons. A creditor need not describe how or why a factor adversely affected an applicant. For example, the notice may say “length of residence” rather than “too short a period of residence.”

4. Credit scoring system. If a creditor bases the denial or other adverse action on a credit scoring system, the reasons disclosed must relate only to those factors actually scored in the system. Moreover, no factor that was a principal reason for a decision to deny adverse action may be excluded from disclosure. The creditor must disclose the actual reasons for denial (for example, “age of automobile”) even if the relationship of that factor to predicting creditworthiness may not be clear to the applicant.

5. Credit scoring—method for selecting reasons. The regulation does not require that any one method be used for selecting reasons for a credit denial or other adverse action that is based on a credit scoring system. Various methods will meet the requirements of the regulation. One method is to identify the factors for which the applicant’s score fell furthest below the average score for each of those factors achieved by applicants whose total score was at or slightly above the minimum passing score. Another method is to identify the factors for which the applicant’s score fell furthest below the average score for each of those factors achieved by all applicants. These average scores could be calculated during the development or use of the system. Any other method that results substantially similar to either of these methods is also acceptable under the regulation.

6. Judgmental system. If a creditor uses a judgmental system, the reasons for the denial or other adverse action must relate to those factors in the applicant’s record actually reviewed by the person making the decision.

7. Combined credit scoring and judgmental system. If a creditor denies an application based on a credit evaluation system that employs both credit scoring and judgmental components, the reasons for the denial must come from the component of the system that the applicant failed. For example, if a creditor initially credit scores an application and denies the credit request as a result of that scoring, the reasons disclosed to the applicant must relate to the factors scored in the credit scoring stage but the creditor then denies the credit request based on a judgmental assessment of the applicant’s record, the reasons disclosed must relate to the factors reviewed judgmentally, even if the factors were also considered in the credit scoring component. If the application is not approved or denied as a result of the credit scoring, but falls into a gray band, and the creditor performs a judgmental assessment and denies the credit after that assessment, the reasons disclosed must come from both components of the system. The same result applies when a judgmental assessment is the first component of the combined system. As provided in comment 9(b)(2)–1, disclosure of more than a combined total of four reasons is not likely to be helpful to the applicant.

8. Automatic denial. Some credit decision methods where a judgmental assessment is the first component of the combined system. As provided in comment 9(b)(2)–1, disclosure of more than a combined total of four reasons is not likely to be helpful to the applicant.

9. Combined ECOA–FCRA disclosures. The ECOA requires disclosure of the principal reasons for a denial of an application for an extension of credit. The Fair Credit Reporting Act (FCRA) requires a creditor to disclose when it has based its decision in whole or in part on information from a source other than the applicant or its own files. Disclosing that a credit report was obtained and used in the denial of the application, as the FCRA requires, does not satisfy the ECOA requirement to disclose specific reasons. For example, if the applicant’s credit history reveals delinquent credit obligations and the application is denied for that reason, to satisfy § 1002.9(b)(2) the creditor must disclose that the application was denied because of the applicant’s delinquent credit obligations. The FCRA also requires a creditor to disclose, as applicable, a credit score it used in taking adverse action along with related information, including up to four key factors that adversely affected the consumer’s credit score (or up to five factors if the number of inquiries made with respect to that consumer report is a key factor). Disclosure of these four key factors adversely affected the consumer’s credit score does not satisfy the ECOA requirement to disclose specific reasons for denying or taking other adverse action on an application or extension of credit. Sample forms C–1 through C–5 of Appendix C of the regulation provide for both the ECOA and FCRA disclosures. See also comment 9(b)(2)–1.

9(c) Incomplete applications.

Paragraph 9(c)(1).

1. Exception for preapprovals. The requirement to provide a notice of incompleteness does not apply to preapprovals that constitute applications under § 1002.2(f).

Paragraph 9(c)(2).

1. Reapplication. If information requested by a creditor is submitted by an applicant after the expiration of the time period designated by the creditor, the creditor may require the applicant to make a new application.

Paragraph 9(c)(3).

1. Oral inquiries for additional information. If an applicant fails to provide the information in response to an oral request, a creditor must send a written notice to the applicant within the 30-day period specified in §§ 1002.9(c)(1) and (2). If the applicant provides the information, the creditor must take action on the application and notify the applicant in accordance with § 1002.9(a).

9(g) Applications submitted through a third party.

1. Third parties. The notification of adverse action may be given by one of the creditors to whom an application was submitted, or by a noncreditor third party. If one notification is provided on behalf of multiple creditors, the notice must contain the name and address of each creditor. The notice must either disclose the applicant’s right to a statement of specific reasons within 30 days, or give the primary reasons each creditor relied upon in making the adverse action—clearly indicating which reasons relate to which creditor.

2. Third party notice—enforcement agency. If a single adverse action notice is being provided to an applicant on behalf of several creditors and they are under jurisdiction of different Federal enforcement agencies, the notice need not name each agency; disclosure of any one of them will suffice.

3. Third-party notice—liability. When a notice is to be provided through a third party, a creditor is not liable for an act or omission of the third party that constitutes a violation of the regulation if the creditor accurately and in a timely manner provided the third party with the information necessary for the notification and maintains reasonable procedures adapted to prevent such violations.

Section 1002.10—Furnishing of Credit Information

1. Scope. The requirements of § 1002.10 for designating and reporting credit information apply only to consumer credit transactions. Moreover, they apply only to creditors that opt to furnish credit information to credit bureaus or to other creditors; there is no requirement that a creditor furnish credit information on its own accounts.

2. Reporting on all accounts. The requirements of § 1002.10 apply only to accounts held or used by spouses. However, a creditor has the option to designate all joint accounts (or all accounts with an authorized user) to reflect the participation of both parties, whether or not the accounts are held by persons married to each other.

3. Designating accounts. In designating accounts and reporting credit information, a creditor need not distinguish between accounts on which the spouse is an authorized user and accounts on which the spouse is a contractually liable party.

4. File and index systems. The regulation does not require the creation or maintenance of separate files in the name of each participant on a joint or user account, or require any other particular system of recordkeeping or indexing. It requires only that a creditor be able to report information in the name of each spouse on accounts covered by § 1002.10. Thus, if a creditor receives a credit inquiry about the wife, it should be able to locate her credit file without asking the husband’s name.
10(a) Designation of accounts.
1. New parties. When new parties who are spouses undertake a legal obligation on an account, as in the case of a mortgage loan assumption, the creditor must change the designation on the account to reflect the new parties and must furnish subsequent credit information on the account in the new names.

2. Request to change designation of account. A request to change the manner in which information concerning an account is furnished does not alter the legal liability of either spouse on the account and does not require a creditor to change the name in which the account is maintained.

Section 1002.11—Relation to State Law
11(a) Inconsistent state laws.
1. Preemption determination—New York. The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Board makes and publishes any contrary determination. The Board of Governors determined that the following provisions in the state law of New York are preempted by the Federal law, effective November 11, 1988:
   i. Article 15, section 296a(1)(b). Unlawful discriminatory practices in relation to credit on the basis of race, creed, color, national origin, age, sex, marital status, or disability. This provision is preempted to the extent that it bars taking a prohibited basis into account when establishing eligibility for certain special-purpose credit programs.
   ii. Article 15, section 296a(1)(c). Unlawful discriminatory practice to make any record or inquiry based on race, creed, color, national origin, age, sex, marital status, or disability. This provision is preempted to the extent that it bars a creditor from requesting and considering information regarding the particular characteristics (for example, race, national origin, or sex) required for eligibility for special-purpose credit programs.

2. Preemption determination—Ohio. The Bureau recognizes state law preemption determinations made by the Board of Governors of the Federal Reserve System prior to July 21, 2011, until and unless the Board makes and publishes any contrary determination. The Board of Governors determined that the following provision in the state law of Ohio is preempted by the Federal law, effective July 23, 1990:
   i. Section 4112.021(B)(1)—Unlawful discriminatory practices in credit transactions. This provision is preempted to the extent that it bars asking or favorably considering the age of an elderly applicant; prohibits the consideration of age in a credit scoring system; permits without limitation the consideration of age in real estate transactions; and limits the consideration of age in special-purpose credit programs to certain government-sponsored programs identified in the state law.

Section 1002.12—Record Retention
12(a) Retention of prohibited information.
1. Receipt of prohibited information. Unless the creditor specifically requested such information, a creditor does not violate this section when it receives prohibited information from a consumer reporting agency.

2. Use of retained information. Although a creditor may keep in its files prohibited information as provided in §1002.12(a), the creditor may use the information in evaluating credit applications only if permitted to do so by §1002.6.

12(b) Preservation of records.
1. Copies. Copies of the original record include carbon copies, photocopies, microfilm or microfiche copies, or copies produced by any other accurate retrieval system, such as documents stored and reproduced by computer. A creditor that uses a computerized or mechanized system need not keep a paper copy of a document (for example, of an adverse action notice) if it can regenerate all pertinent information in a timely manner for examination or other purposes.

2. Computerized decisions. A creditor that enters information items from a written application into a computerized or mechanized system makes the credit decision mechanically, based only on the items of information entered into the system, may comply with §1002.12(b) by retaining the information actually entered. It is not required to store the complete written application, nor is it required to retain the remaining items of information into the system. If the transaction is subject to §1002.13, however, the creditor is required to enter and retain the data on personal characteristics in order to comply with the requirements of that section.

13(a) Information to be requested.
1. Natural person. Section1002.13 applies only to applications from natural persons.

2. Principal residence. The requirements of §1002.13 apply only if an application relates to a dwelling that is or will be occupied by the applicant as the principal residence. A credit application related to a vacation home or a rental unit is not covered. In the case of a two-to-four unit dwelling, the application is covered if the applicant intends to occupy one of the units as a principal residence.

3. Temporary financing. An application for temporary financing to construct a dwelling is not subject to §1002.13. But an application for both a temporary loan to finance construction of a dwelling and a permanent mortgage loan to take effect upon the completion of construction is subject to §1002.13.

4. New principal residence. A person can have only one principal residence at a time. However, if a person buys or builds a new dwelling that will become that person’s principal residence within a year or upon completion of construction, the new dwelling is considered the principal residence for purposes of §1002.13.

5. Transactions not covered. The information-collection requirements of this section apply to applications for credit primarily for the purchase or refinancing of a dwelling that is or will become the applicant’s principal residence. Therefore, applications for credit secured by the applicant’s principal residence but made primarily for a purpose other than the purchase or refinancing of the principal residence (such as loans for home improvement and debt consolidation) are not subject to the information-collection requirements. An application for an open-end home equity line of credit is not subject to this section unless it is readily apparent to the creditor when the application is taken that the primary purpose of the line is for the purchase or refinancing of a principal dwelling.

6. Refinancings. A refinancing occurs when an existing obligation is satisfied and replaced by a new obligation undertaken by...
the same borrower. A creditor that receives an application to refinance an existing extension of credit made by that creditor for the purchase of the applicant’s dwelling may request the monitoring information again but is not required to do so if it was obtained in the earlier transaction.


13(b) Obtaining of information.

1. Forms for collecting data. A creditor may collect the information specified in § 1002.13(a) either on an application form or on a separate form referring to the application. The applicant must be offered the option to select more than one racial designation.

2. Written applications. The regulation requires written applications for the types of credit covered by § 1002.13. A creditor can satisfy this requirement by recording on paper or by means of computer the information that the applicant provides orally and that the creditor normally considers in a credit decision.

3. Telephone, mail applications.
   i. A creditor that accepts an application by telephone or mail must request the monitoring information if it has failed to provide it on the application form returned to the creditor.
   ii. If it is not evident on the face of the application that it was received by mail, telephone, or via an electronic medium, the creditor should indicate on the form or other application record how the application was received.

   i. If a creditor takes an application through an electronic medium that allows the creditor to see the applicant, the creditor must treat the application as taken in person. The creditor must also retain the monitoring information on the basis of visual observation or surname, if the applicant chooses not to provide the information.
   ii. If an applicant applies through an electronic medium without video capability, the creditor treats the application as if it were received by mail.

5. Applications through loan-shopping services. When a creditor receives an application through an unaffiliated loan-shopping service, it does not have to request the monitoring information for purposes of the ECOA or Regulation B. Creditors subject to the Home Mortgage Disclosure Act should be aware, however, that data collection may be required for under Regulation C (12 CFR part 1003), which generally requires creditors to report, among other things, the sex and race of an applicant on brokered applications or applications received through a correspondent.

6. Inadvertent notation. If a creditor inadvertently obtains the monitoring information in a dwelling-related transaction not covered by § 1002.13, the creditor may process and retain the application without violating the regulation.

13(c) Disclosure to applicants.

1. Procedures for providing disclosures. The disclosure to an applicant regarding the monitoring information may be provided in writing. Appendix B contains a sample disclosure. A creditor may devise its own disclosure so long as it is substantially similar. The creditor need not orally request the information if it is requested in writing.

13(d) Substitute monitoring program.

1. Substitute program. An enforcement agency may adopt, under its established rulemaking or enforcement procedures, a program requiring creditors under its jurisdiction to report information in addition to information required by this section.

Section 1002.14—Rules on Providing Appraisal Reports

14(a) Providing appraisals.

1. Coverage. This section covers applications for credit to be secured by a lien on a dwelling, as that term is defined in § 1002.14(c), whether the credit is for a business purpose (for example, a loan to start a business) or a consumer purpose (for example, a loan to finance a child’s education).

2. Renewals. This section applies when an applicant requests the renewal of an existing extension of credit and the creditor obtains a new appraisal report. This section does not apply when a creditor uses the appraisal report previously obtained to evaluate the renewal request.

14(a)(2)(i) Notice.

1. Multiple applicants. When an application that is subject to this section involves more than one applicant, the notice about the appraisal report need only be given to one applicant, but it must be given to the primary applicant where one is readily apparent.


1. Reimbursement. Creditors may charge for photocopy and postage costs incurred in providing a copy of the appraisal report, unless prohibited by state or other law. If the creditor’s monitoring of the monitoring information on the basis of visual observation or surname, if the applicant chooses not to provide the information.

2. In some cases, the issue of whether certain information is privileged may arise before the self-test is complete or corrective actions are fully under way. This would not necessarily prevent a creditor from asserting the privilege. In situations where the self-test is not complete, for the privilege to apply the lender must satisfy the regulation’s requirements within a reasonable period of time. To assert the privilege where the self-test shows a likely violation, the rule requires, at a minimum, that the creditor establish a plan for corrective action and a method to demonstrate progress in implementing the plan. Creditors must take appropriate corrective action on a timely basis after the results of the self-test are known.

3. A creditor’s determination about the type of corrective action needed, or a finding that no corrective action is required, is not conclusive in determining whether the requirements of this paragraph have been satisfied. If a creditor’s claim of privilege is challenged, an assessment of the need for corrective action or the type of corrective action that is appropriate must be based on a review of the self-testing results, which may require an in camera inspection of the privileged documents.

15(a)(3) Other privileges.

1. A creditor may assert the privilege established under this section in addition to asserting any other privilege that may apply, such as the attorney-client privilege or the work-product privilege. Self-testing data may be privileged under this section whether or not the creditor’s assertion of another privilege is upheld.

15(b) Self-test defined.


1. To qualify for the privilege, a self-test must be sufficient to constitute a determination of the extent or effectiveness of the creditor’s compliance with the Act and Regulation B. Accordingly, a self-test is only privileged if it was designed and used for that purpose. A self-test that is designed or used to determine compliance with other laws or regulations or for other purposes is...
not privileged under this rule. For example, a self-test designed to evaluate employee efficiency or customers' satisfaction with the level of service provided by the creditor is not privileged even if evidence of discrimination is uncovered incidentally. If a self-test is designed for multiple purposes, only the portion designed to determine compliance with the ECOA is eligible for the privilege.

Paragraph 15(b)(1)(ii).
1. The principal attribute of self-testing is that it is a voluntary undertaking by the creditor to produce new data or factual information that otherwise would not be available and could not be derived from loan or application files or other records related to credit transactions. Self-testing includes, but is not limited to, the practice of using fictitious applicants for credit (testers), either with or without the use of matched pairs. A creditor may elect to test a defined segment of its business, for example, loan applications processed by a specific branch or loan officer, or application files associated with a particular type of credit or loan program. A creditor also may use other methods of generating information that is not available in loan and application files, such as surveying mortgage loan applicants. To the extent permitted by law, creditors might also develop new methods that go beyond traditional pre-application testing, such as hiring testers to submit fictitious loan applications for processing.

2. The privilege does not protect a creditor's analysis performed as part of processing or underwriting a credit application, or a self-test's evaluation or analysis of its loan files, Home Mortgage Disclosure Act data, or similar types of records (such as broker or loan officer compensation records) does not produce new information about a creditor's compliance and is not a self-test for purposes of this section. Similarly, a statistical analysis of data derived from existing loan files is not privileged.

15(b)(3) Types of information not privileged.
Paragraph 15(b)(3)(i).
1. The information listed in this paragraph is not privileged and may be used to determine whether the prerequisites for the privilege have been satisfied. Accordingly, a creditor might be asked to identify the self-testing method, for example, whether preapplication testers were used or data were compiled by surveying loan applicants. Information about the scope of the self-test (such as the types of credit transactions examined, or the geographic area covered by the test) also is not privileged.

1. Property appraisal reports, minutes of loan committee meetings or other documents reflecting the basis for a decision to approve or deny an application, loan policies or procedures, underwriting standards, and broker compensation records are examples of the types of records that are not privileged. If a creditor arranges for testers to submit loan applications for processing, the records are not related to actual credit transactions for purposes of this paragraph and may be privileged self-testing records.

15(c) Appropriate corrective action.

1. The rule only addresses the corrective actions required for a creditor to take advantage of the privilege in this section. A creditor may be required to take other actions or provide additional relief if a formal finding of discrimination is made. 15(c)(1) General requirement.

1. Appropriate corrective action is required even though no violation has been formally adjudicated or admitted by the creditor. In determining whether it is more likely than not that a violation occurred, a creditor must treat testers as though they are actual applicants for credit. A creditor may not refuse to take appropriate corrective action under this section because the self-test used fictitious loan applicants. The fact that a tester's request is not met by the creditor waives the tester's legal right to assert a violation does not eliminate the requirement for the creditor to take corrective action, although no remedial relief for the tester is required under paragraph 15(c)(3).

15(c)(2) Determining the scope of appropriate corrective action.
1. Whether a creditor has taken or is taking corrective action that is appropriate will be determined on a case-by-case basis. Generally, the corrective action that is needed to preserve the privilege is governed by the scope of the self-test. For example, a creditor that self-tests mortgage loans and discovers evidence of discrimination may focus its corrective actions on mortgage loans, and is not required to expand its testing to other types of loans.

2. In identifying the policies or practices that are likely to cause the violation, a creditor might identify inadequate or improper lending policies, failure to implement established policies, employee conduct, or other causes. The extent and scope of a likely violation may be assessed by determining which areas of operations are likely to be affected by those policies and practices, for determining the types of loans and stages of the application process involved and the branches or offices where the violations may have occurred.

3. Depending on the method and scope of the self-test and the results of the test, appropriate corrective action may include one or more of the following:

i. If the self-test identifies individuals whose applications were inappropriately processed, offering to extend credit if the application was improperly denied and compensating such persons for out-of-pocket costs and other compensatory damages;

ii. Correcting institutional policies or procedures that may have contributed to the likely violation, and adopting new policies as appropriate;

iii. Identifying and then training and/or disciplining the employees involved;

iv. Developing outreach programs, marketing strategies, or loan products to serve more effectively segments of the lender's market that has been affected by the likely discrimination; and

v. Improving audit and oversight systems to avoid a recurrence of the likely violations.

Paragraph 15(c)(3) Types of relief.

15(c)(3)(i).
1. The use of pre-application testers to identify policies and practices that illegally discriminate does not require creditors to review existing loan files for the purpose of identifying and compensating applicants who might have been adversely affected.

2. If a self-test identifies a specific applicant who was discriminated against on any basis, as in litigation filed solely under a State's fair lending statute). In such cases, if a court orders a creditor to disclose self-test results, the disclosure is not a voluntary disclosure or waiver of the privilege for purposes of paragraph 15(d)(2); a creditor may protect the information by seeking a protective order to limit availability and use of the self-testing data and prevent dissemination beyond what is necessary in that case. Paragraph 15(d)(1) precludes a party who has obtained privileged information from using it in a case brought under the ECOA, provided the creditor has not lost the privilege through voluntary disclosure under paragraph 15(d)(2).

15(d) Loss of privilege.
Paragraph 15(d)(1).
1. A creditor's corrective action, by itself, is not considered a voluntary disclosure of the self-test report or results. For example, a creditor does not disclose the results of a self-test merely by offering to extend credit to a denied applicant or by inviting the applicant to reapply for credit. Voluntary disclosure could occur under this paragraph, however, if the creditor disclosed the self-test results in connection with a new offer of credit.

2. The disclosure of self-testing results to an independent contractor acting as an auditor or consultant for the creditor on compliance matters does not result in loss of the privilege.

1. The privilege is lost if the creditor discloses privileged information, such as the results of the self-test. The privilege is not lost if the creditor merely reveals or refers to the existence of the self-test.

1. A creditor's claim of privilege may be challenged in a court or administrative law
proceeding with appropriate jurisdiction. In resolving the issue, the presiding officer may require the creditor to produce privileged information about the self-test. Paragraph 15(d)(3) Limited use of privileged information. 1. A creditor may be required to produce privileged documents for the purpose of determining a penalty or remedy after a violation of the ECOA or Regulation B has been formally adjudicated or admitted. A creditor’s compliance with such a requirement does not evidence the creditor’s intent to forfeit the privilege.

Section 1002.16—Enforcement, Penalties, and Liabilities 16(c) Failure of compliance. 1. Inadvertent errors. Inadvertent errors include, but are not limited to, clerical mistake, calculation error, computer malfunction, and printing error. An error of legal judgment is not an inadvertent error under the regulation. 2. Correction of error. For inadvertent errors that occur under §§ 1002.12 and 1002.13, this section requires that they be corrected prospectively.

Appendix B—Model Application Forms 1. Freddie Mac/Fannie Mae form—residential loan application. The uniform residential loan application form (Freddie Mac 65/Fannie Mae 1003), including supplemental form (Freddie Mac 65A/Fannie Mae 1003A), prepared by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association and dated October 1992 may be used by creditors without violating this part. Creditors that are governed by the monitoring requirements of this part (which limits collection to applications primarily for the purchase or refinancing of the applicant’s principal residence) should delete, strike, or modify the data-collection section on the form when using it for transactions not covered by § 1002.13(a) to ensure that they do not collect the information. Creditors that are subject to more extensive collection requirements by a substitute monitoring program under § 1002.13(d) or by the Home Mortgage Disclosure Act (HMDA) may use the form as issued, in compliance with that substitute program.

Appendix C—Sample Notification Forms 1. Form C–9. Creditors may design their own form, add to, or modify the model form to reflect their individual policies and procedures. For example, a creditor may add: i. A telephone number that applicants may call to leave their name and the address to which an appraisal report should be sent. ii. A notice of the cost the applicant will be required to pay the creditor for the appraisal or a copy of the report.

Dated: November 29, 2011.
Alastair M. Fitzpayne, Deputy Chief of Staff and Executive Secretary, Department of the Treasury.

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