

## **Equal Credit Opportunity Act (ECOA) Policy and Procedures**

### **POLICY STATEMENT**

The board of directors, management, and staff of Vizcaya Services Inc. are committed to full compliance with the Equal Credit Opportunity Act (ECOA) (15 USC 1691) which is implemented by the Consumer Financial Protection Bureau's Regulation B (12 CFR 1002). It is the policy of this Vizcaya Services Inc. to make credit products available to all applicants who meet our business focus in a fair and consistent manner within the confines of safe and sound practices. Vizcaya Services Inc. does not discriminate against any credit applicant on the basis of:

- Race
- Sex
- Color
- Religion
- National origin
- Marital status
- Age (providing the applicant is of legal age and has the capacity to enter into a binding legal contract)
- Receipt of public assistance, or;
- If the individual has exercised in good faith any right under the Consumer Credit Protection Act (15 USC 1602), or on any other prohibited basis

It is the intention of Vizcaya Services Inc. to comply with all fair lending laws and regulations, including the ECOA. Our fair lending commitment is detailed in our Fair Lending Policy.

### **OVERVIEW**

The ECOA (15 USC 1691), as implemented by Regulation B (12 CFR 1002), promotes the availability of credit to all creditworthy applicants without regard to the basis listed above. The regulation imposes certain requirements on creditors to notify applicants of action taken on their applications and to collect information about an applicant's race, sex, marital status, and age in connection with applications for certain dwelling-related loans. In addition, creditors must adhere to other prescribed rules including those related to taking and evaluating applications, notifying an applicant of action taken on their application, providing copies of appraisal reports used in connection with credit transactions, reporting and maintaining credit histories, and retaining records. Regulation B does not, however, prevent our lenders from considering any pertinent information necessary to evaluate the creditworthiness of an applicant. Moreover, the regulation includes a section stipulating that information generated by self-tests voluntarily conducted by our Vizcaya Services Inc. to determine its compliance with the ECOA and Regulation B is considered privileged under certain circumstances.

## **BUSINESS AREAS IMPACTED**

The policies and procedures in this policy are applicable to the following business units in our Vizcaya Services Inc.:

- Retail, residential and commercial lending units
- Credit application processing
- Credit underwriting
- Appraisal of real estate
- Credit product marketing/forms
- Credit information reporting
- Credit operations
- Credit scoring systems
- customer service

## **POLICY AND PROCEDURES**

Under the ECOA, it is unlawful for our lenders to discriminate on a prohibited basis in any aspect of a credit transaction. We may not, based on a prohibited basis:

- Fail to provide information or services or provide different information or services regarding any aspect of the lending process, including credit availability, application procedures, or lending standards
- Discourage or selectively encourage applicants with respect to inquiries about or applications for credit
- Refuse to extend credit or use different standards in determining whether to extend credit
- Vary the terms of credit offered, including the amount, interest rate, duration, or type of loan
- Use different standards to evaluate collateral
- Treat a borrower differently in servicing a loan or invoking default remedies
- Express, orally or in writing, a preference based on prohibited factors or indicate that we will treat applicants differently on a prohibited basis

Furthermore, we may not discriminate on a prohibited basis because of the characteristics of a person associated with a credit applicant (e.g., a co-applicant, spouse, business partner, or live-in aide).

The board directs management to implement adequate procedures to ensure that we are complying with the rules in Regulation B regarding information we request for credit applications (12 CFR 1002.5), how we evaluate that information (12 CFR 1002.6), and our procedures regarding the extension of credit (12 CFR 1002.7).

## **Applications**

We will require written applications for loans that are for the purpose of purchasing or refinancing a consumer's primary dwelling. The application need not be written by the customer, however. The loan officer may take down the information in writing or otherwise input into a loan application system. We will require signatures on the application from all persons wishing to apply for a loan.

### *Information for Monitoring Purposes (12 CFR 1002.13)*

When we receive 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 and the loan will be secured by the dwelling, we will request the following information regarding the applicant(s):

- Ethnicity
- Sex
- Marital status, using the categories married, unmarried, and separated
- Age

Management is directed to implement procedures to request and maintain this information either on the application form or on a separate form that refers to the application. The form or application will inform the applicant that the information is for government monitoring of compliance with federal statutes. Applicants may refuse to supply the information. If they choose not to provide it, then our loan officers will be directed to note on the form, to the best of their ability, the ethnicity, race, and sex of the applicant(s) on the basis of visual observation or surname.

### *Notification of Action Taken (12 CFR 1002.9)*

We must notify a consumer loan applicant of action taken within:

- 30 days after receiving a completed application concerning the creditor's approval of, counteroffer to, or adverse action on the application;
- 30 days after taking adverse action on an incomplete application, unless notice is provided in accordance with 12 CFR 1002.9(c);
- 30 days after taking adverse action on an existing account; or
- 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered.

Management is directed to use a format substantially similar to the model forms in the regulation and to implement procedures to ensure that lending staff is aware of the proper way to complete the forms and the time frame for sending them to consumers.

### *Third-Party Applications*

Should we receive an application that has been sent to other creditors, we need not send a notice if the consumer accepts an offer of credit from another creditor. Furthermore, a third party may send a denial on our behalf if they disclose our identity and include appropriate regulatory information. It will be the policy of this Vizcaya Services Inc. to notify each applicant about our decision. We will not delegate our responsibility for adverse action notices to any third-party.

### **Furnishing of Credit Information (12 CFR 1002.10)**

If we choose to report our customer's credit information to a credit reporting agency or give credit references to other creditors, we will have procedures in place to designate:

- 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)
- Any existing account to reflect such participation, within 90 days after receiving a written request to do so from one of the spouses

When we furnish credit information to a consumer reporting agency concerning an account designated to reflect the participation of both spouses, we will have procedures in place to ensure that we send the information in a way that allows the agency to provide access to the information in the name of each spouse.

### **Self-Testing (12 CFR 1002.15)**

A self-test is any program, practice, or study that is designed and used specifically to determine the extent or effectiveness of our compliance with the act and 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. 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. We may elect to test a defined segment of our business (e.g., loan applications processed by a specific branch or loan officer, or applications made for a particular type of credit or loan program). We may also use other methods of generating information that is not available in loan and application files, such as surveying loan applicants.

The report or results of a self-test that we voluntarily conduct or authorize are privileged; however, the privilege only applies if we take appropriate corrective action.

If we discover discrimination as a result of the self-test, we will make all reasonable efforts to determine the full extent of the discrimination and its cause. For example, management should determine whether the discriminatory practices were caused by defective policies, poor implementation or control of those policies, or if they were isolated to a particular area of our lending operations. We will then take all appropriate corrective actions to address the discrimination, including, but not limited to:

- Identifying customers whose applications may have been inappropriately processed, offering to extend credit if they were improperly denied; compensating them for any damages, both out-of-pocket and compensatory; and notifying them of their legal rights
- Correcting any institutional policies or procedures that may have contributed to the discrimination • Identifying and then training and/or disciplining the employees involved; considering the need for community outreach programs and/or changes in marketing strategy or loan products to better serve minority segments of the lender's market
- Improving audit and oversight systems in order to ensure there is no recurrence of the discrimination We are not required by law to report a lending discrimination problem we discover during the testing process to our federal regulator. However, the agencies encourage reporting to ensure that appropriate corrective action has been taken.

## **Record Retention (12 CFR 1002.12)**

### **New Accounts**

We will keep records concerning applications for consumer credit in our files for 25 months and applications for business credit for 12 months after we have notified the applicant of the action we have taken. We will retain in original form a paper or electronic copy of the following:

- Any application that we receive, any information required to be obtained concerning characteristics of the applicant to monitor compliance with the act and the regulation or other similar law, and any other written or recorded information used in evaluating the application and not returned to the applicant at the applicant's request
- A copy of the following documents if furnished to the applicant in written form (or, if furnished orally, any notation or memorandum made by the creditor):
  - The notification of action taken
  - The statement of specific reasons for adverse action
  - Any written statement submitted by the applicant alleging a violation of the act or the regulation

### *Existing Accounts*

We will keep for 25 months (12 months for business credit) after the date we notify an applicant of adverse action regarding an existing account the following information:

- Any written or recorded information concerning the adverse action
- Any written statement submitted by the applicant alleging a violation of the act or the regulation

### *Certain Business Credit Applications*

We will keep records relating to a loan application from a business that had gross revenues in excess of \$1 million in its preceding fiscal year 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, we will retain the records for 12 months.

### *Self-Tests*

If we choose to conduct a self-test as described in the regulation at 12 CFR 1002.15, we will retain all written or recorded information about the self-test for 25 months or longer if we have been notified that we are subject to an investigation or an enforcement proceeding for an alleged violation, or if we have been served with notice of a civil action. In these cases, we will keep the information until final disposition of the matter or an earlier date set by the appropriate agency or court.

### *Prescreened Solicitations*

If we make an offer of credit based on a prescreened list, we will keep the following records for 25 months after the date on which we make the offer

- The text of any prescreened solicitation
- The list of criteria the creditor used to select potential recipients of the solicitation
- Any correspondence related to complaints (formal or informal) about the solicitation