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QUESTION NO: 1

Which state receives the reporting and escheatment of unclaimed property?

- A. The state where the bank is domiciled, if different from the bank holding company
- B. The state of the customer's last known address, if available and not foreign
- C. The state where the property is located, if a deposit account
- D. The state chosen by a bank holding company, if a multistate operation

ANSWER: B**QUESTION NO: 2**

Which of the following pieces of information is the bank NOT required to report on Form 1099 for foreclosed and abandoned property?

- A. The name, address, and TIN of the borrowers
- B. A description of the property
- C. The original loan amount
- D. Whether the borrower is personally liable for the debt

ANSWER: C**QUESTION NO: 3**

The purpose of guidelines for National Banks to Guard against Predatory and Abusive Lending Practices- AL-2003-2 includes all of the following EXCEPT:

- A. Provide examples to national banks of practices that may be abusive
- B. Advise banks on how they should avoid abusive practices
- C. Banks should consider appropriate discount rates, credit loss rates, and prepayment rates when valuing these assets
- D. Show how some abusive lending can involve unfair or deceptive practices and therefore violate the Federal Trade Commission Act

ANSWER: C

QUESTION NO: 4

Under Consumer Leasing Act Enforcement-15 USC 1667d section FIRREA penalties include:

- A. Penalties up to \$8,500 per day for violations of laws and regulations
- B. Penalties up to \$37,500 per day if violations or unsafe or unsound practices are engaged in recklessly or are part of a pattern of misconduct that causes more than a minimal loss to the bank or any pecuniary gain to the parties involved
- C. Penalties up to \$1,375,000 per day against persons who knowingly commit a violation and knowingly or recklessly cause a substantial loss to the bank or a substantial benefit to the party
- D. Penalties up to \$9,500 per day for violations of laws and regulations

ANSWER: A B**QUESTION NO: 5**

Which of the following usually comes under the heading of abusive lending?

- A. Abusive lending usually is defined by a variety of lending practices
- B. It is the excessive and hidden fees in the amount financed
- C. A fundamental characteristic is aggressive marketing of credit to prospective borrowers who cannot repay it on the terms offered
- D. Typically, such loans are underwritten on the liquidation value of the collateral rather than the creditworthiness of the borrower

ANSWER: A C D**QUESTION NO: 6**

Initial disclosure under Electronic funds transfer act includes:

- A. A summary of the consumer's liability for unauthorized transfers
- B. Telephone number and address of person or office to be notified in case of any authorized transfer
- C. The type of EFT the consumer may make and any limitations on EFTs
- D. A summary of institution's liability to consumer for failure to make or stop transactions

ANSWER: A C D

QUESTION NO: 7

For what do ECOA and Regulation B extend coverage?

- A. All types of credit
- B. Only consumer credit
- C. Only consumer credit of \$25,000 or less
- D. Only consumer and business credit with gross revenues of \$1 million or less

ANSWER: A**QUESTION NO: 8**

The Reserve Bank may recover by charging any account on its books maintained by the sender if:

- A. The Reserve Bank makes written demand to sender to assume defense of the proceeding
- B. Any action by the Reserve Bank within is the scope of its authority in handling the item
- C. The sender has not made any other payment arrangement acceptable to the Reserve Bank
- D. There is any warranty made by the Reserve Bank

ANSWER: A C**QUESTION NO: 9**

Which of the following is NOT a requirement of the Interagency Statement on Retail Sales of Nondeposit Investments?

- A. That employees selling nondeposit investments receive special training on the products they sell
- B. That all bank employees receive special training on the nondeposit investment products sold by the bank
- C. That employees selling nondeposit investments ensure that the product is suitable to the customer purchasing it
- D. That the history of employees selling nondeposit investments be checked before their employment

ANSWER: B**QUESTION NO: 10**

To stop a payment of a preauthorized transfer, consumer must notify the institution or in writing at least:

- A. Three days before the transfer is to occur
- B. Within 14 days of oral notice
- C. Binding after 14 days if no written confirmation is received
- D. None of these

ANSWER: A

QUESTION NO: 11

A recent audit revealed that the bank's personal trust division was failing to determine whether securities being accepted from new trust customers have been reported as lost or stolen. To address the root cause of this problem, what should the compliance officer do FIRST?

- A. Inquire with the SIC about all securities noted in the audit
- B. Contact the bank's primary regulator to determine the best course of action
- C. Retrain all personal trust administrators on the lost and stolen securities requirements
- D. Review the policies and procedures for accepting securities in new personal trust relationships to ensure securities verification

ANSWER: D

QUESTION NO: 12

A compliance professional is a member of the task force studying how the bank can reduce customer complaints about holding deposits. One proposed solution involves purchasing an expensive system that will reduce the number of holds placed by evaluating the customer's history and relationship with the bank. Which of the following roles is MOST important for the compliance professional on the task force?

- A. Developing training for tellers who will use the new system
- B. Setting parameters for what the system should review to determine the strength of the customer relationship
- C. Validating the system to ensure it complies with regulatory restrictions
- D. Conducting a cost-benefit analysis to determine if the system is the best solution

ANSWER: C

QUESTION NO: 13

Any person in one of the following category can be debt collector:

- A. A person operating a business whose principal purpose is to collect debts
- B. A person who regularly collects or attempts to collect debts owed to another (this includes outside counsel who collects debts on behalf of the financial institution)
- C. A creditor who collects its own debts using a name other than its own, giving the impression that a third party is collecting it
- D. A creditor who collects its own debts because of his forefathers

ANSWER: A B C

QUESTION NO: 14

Debt collectors acquiring location information from a third party:

- A. Must identify themselves and, if expressly asked, must identify their employer
- B. Must state that the call is to confirm or correct location information
- C. Once location information is received, may not communicate with the third party again unless the person asks the debt collector to or the debt collector reasonably believes the earlier response was erroneous or incomplete and that person now has correct or complete location information
- D. All of these

ANSWER: D

QUESTION NO: 15

In a compliance program, tactical compliance procedures should be integrated into business line procedures, such as how to deliver an Adverse Action Notice when an application is declined. In this case:

- A. Regulations should be applied consistently to procedures throughout the bank
- B. Revisions to procedures should be based on compliance expertise and not mere editing
- C. Providing solutions to mitigate any identified risk
- D. Assisting business units in developing or revising policies and procedures to reflect current regulatory requirements

ANSWER: A B

QUESTION NO: 16

First National Bank is a newly chartered bank. Which of the following security related procedures is NOT required under the Bank Protection Act?

- A. Appoint a security officer
- B. Write a security program
- C. Hire a security consultant to inspect the bank for the effectiveness of the bank's security devices
- D. Write procedures to assist in preserving evidence of crimes

ANSWER: C

QUESTION NO: 17

Supervisory review should also be the part of Subprime Mortgage Lending. It should review:

- A. Regulatory agencies will continue to focus on risk management review and consumer compliance processes
- B. Hiring and Training of personnel
- C. Agencies will continue to take action against institutions that violate consumer protection laws or fair lending laws or that engages in unfair or deceptive acts or practices or in unsafe or unsound lending practices
- D. Applicability of prepayment penalties

ANSWER: A C

QUESTION NO: 18

Under collateral requirements-12CFR 221.7, maximum loan value of margin stock is:

- A. Currently 50 percent of the current market value
- B. Currently 70 percent of the current market value
- C. Subject to change by the Federal Reserve
- D. Subject to change by the Equity Reserve

ANSWER: A C

QUESTION NO: 19

The banking agencies issued two guidances to caution depository institutions about risks involved in funding non-depository lenders that engage in predatory lending. Predatory and abusive practices include:

- A. High-pressure sales
- B. Excessive fees and interest rate including fees for unnecessary products
- C. Balloon payments that may never cause foreclosures
- D. Excessive refinancing with fees included in the new loan

ANSWER: A B

QUESTION NO: 20

Federal regulations define special-purpose credit-12 CFR 202.8 to include:

- A. Any credit assistance program authorized by federal or state law for the benefit of an economically disadvantaged class of persons
- B. Any credit assistance program offered by a not-for-profit organization for the benefit of its members or for the benefit of an economically disadvantaged class of person
- C. A special-purpose credit program must not discriminate on a prohibited basis; however, it can require its participants to share a particular characteristic (such as race or sex) provided the requirement was not established to evade the requirements of the ECOA. If the participants must share a common characteristic, the bank may collect information on that characteristic to determine eligibility
- D. If the program includes financial need as a criterion, the creditor can never request and consider information regarding the applicant

ANSWER: A B C