

ABA Bank Compliance

FEATURES

Volume 27, No. 2



8 Into the Breach: Retooling Your Customer Response Program

BY DOUG JOHNSON

Bankers, congratulations—you have made the big screen! *Firewall*, starring Harrison Ford, opened in theaters in February. While this movie has been kicking around since 2004, it is not surprising that it made it into production, considering that we just experienced what the *Washington Post* termed “the year of the security breach.” This article examines the compliance professional’s role in security breaches—before and after they occur.

14 Large Bank CRA Challenges: Are You Prepared?

BY JAN E. WOOLSEY, CRCM, MAI

Today’s compliance officers face increasing risk in managing Community Reinvestment Act (CRA) examinations following the changes to the CRA regulations introduced in 2005. In addition, with the release of the 2004 Home Mortgage Disclosure Act (HMDA) data, hardly a week goes by that allegations of predatory lending activities are not in the news, placing all lenders under greater scrutiny by the community at large and by examiners as well. This article provides some practical solutions for preparing for a large-bank CRA examination in today’s risk-based environment.

24 The Gotcha Rules: Oft-Forgotten Factoids

BY BARBARA A. MCGUIRE, CRCM

The old saying “It’s not over until the fat lady sings” was never truer than in the world of compliance. You’ll never stop learning something new in the field until you retire from it. In “comply-world” there are rules to learn the hard way—i.e., being cited for not following a rule you hadn’t noticed—and interpretations an examining team will toss at you, citing you for not complying with the most recent interpretation of a law or regulation. The best you can do in some cases is to make note of that interpretation and keep on keeping on. Though not comprehensive, this article endeavors to bring some of the trickier rules to light.



39 Tax Reporting Issues on the Lending Side of the Bank

BY CHERYL S. RIEDLINGER

In addition to the information reporting provisions on the deposit side of a financial institution, such as reporting interest paid to a customer on Form 1099-INT, the lending side of the bank has numerous IRS reporting requirements of its own, including reporting for interest received on mortgages and student loans, reporting foreclosures and abandonments of property securing certain loans, reporting cancellations of debts, and reporting sales of real estate. Financial institutions need to ascertain what types of transactions they have in their banks and make timely reports in accordance with IRS regulations to avoid penalties. This article is an overview and checklist for lending transactions.

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