

FEDERAL RESERVE BANK  
OF NEW YORK

*At-Cir No. 9167(a)*

October 21, 1981

**EQUAL CREDIT OPPORTUNITY AND FAIR HOUSING ACTS**  
**Policy Statement on Enforcement by State Member Banks**

*To All State Member Banks  
in the Second Federal Reserve District:*

Following is the text of a statement issued October 13 by the Board of Governors of the Federal Reserve System:

The Federal Reserve Board has adopted a policy statement on enforcement by State member banks of the Equal Credit Opportunity and Fair Housing Acts.

The policy statement was recommended to the Board, and to the other Federal financial institutions' regulators, by the Federal Financial Institutions Examination Council.

The objective of the policy statement is to ensure that the rights of credit applicants are protected by requiring creditors to take corrective action for certain, more serious past violations of the two Acts, and to be in compliance in the future.

The policy statement reminds State member banks of their responsibilities under the Acts, and notes that — while it is the policy of the Board to encourage voluntary correction and compliance with the Acts — it is the intention of the Federal Reserve to enforce the Acts vigorously. The statement requires creditors to take measures to insure against repetition of violations of the Acts. It states that failure to comply with certain specific provisions of the Acts — set forth in the policy statement — are regarded as being particularly serious. Failures to comply in these areas would usually warrant action designed to correct conditions resulting from violations occurring within two years prior to the discovery of the violations.

In this connection the Board also adopted a supervisory enforcement guide recommended by the Examination Council, for use by Federal Reserve enforcement personnel in connection with the policy statement.

Printed on the following pages is the text of the policy statement. Questions on this matter (and requests for the supervisory enforcement guide) may be directed to our Regulations Division (Tel. No. 212-791-5914).

ANTHONY M. SOLOMON,  
*President.*



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FEDERAL RESERVE BANK  
OF NEW YORK  
Equal Credit Opportunity Act and  
Fair Housing Act Enforcement  
Policy Statement

SUMMARY

This document sets forth the general policies that the Board of Governors of the Federal Reserve System will generally apply in enforcing the Equal Credit Opportunity Act and the Fair Housing Act.

The Board believes it appropriate to remind State member banks of their responsibilities under these laws and that the Board will vigorously enforce them. State member banks will be required to institute procedures to assure that all violations of the Acts, including those not cited in this Policy Statement, will not recur. In addition, failure to comply with certain specific provisions of the Acts has been judged by the Board to be particularly serious and usually to warrant retrospective action to correct the conditions resulting from the violations.

ENFORCEMENT POLICY STATEMENT AUTHORITY

This Enforcement Policy Statement is issued pursuant to the Board's authority under the Equal Credit Opportunity Act (ECOA) (15 U.S.C. 1691, et seq.), the Fair Housing Act (42 U.S.C. 3601, et seq.), and 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)).

ENFORCEMENT POLICY STATEMENT

The objective of this Enforcement Policy Statement is to ensure that the rights of credit applicants are protected by requiring State member banks to take corrective action for certain, more serious past violations of the Equal



Credit Opportunity and Fair Housing Acts as well as to be in compliance in the future. In an effort to achieve that objective, the Board will encourage voluntary correction and compliance with the Acts. Whenever violations addressed by this Policy Statement are discovered, the State member bank will be required to take action to ensure such violations will not recur and to correct the effects of violations discovered.

The Board generally will require the State member bank to take action to correct conditions resulting from violations occurring within 24 months prior to the discovery of violations by the Board, except for violations concerning adverse action notices for which corrective action will be required for violations occurring within six months prior to discovery.

Violations in the following areas are considered serious by the Board and will usually be subject to retrospective corrective action:

- Discouraging applicants on a prohibited basis in violation of the Fair Housing Act or Sections 202.4 or 202.5(a) of Regulation B.
- Using credit criteria in a discriminatory manner in evaluating applications in violation of the Fair Housing Act or Sections 202.4 through 202.7 of Regulation B.
- Imposing different terms on a prohibited basis in violation of the Fair Housing Act or Section 202.4 or 202.6(b) of Regulation B.
- Requiring cosigners, guarantors or the like on a prohibited basis in violation of Section 202.7(d) of Regulation B.
- Failing to furnish separate credit histories as required by Section 202.10 of Regulation B.
- Failing to provide an adequate notice of adverse action under Section 202.9 of Regulation B.



This Policy Statement will neither preclude the use of any administrative authority that the Board possesses to enforce these laws, nor limit the Board's discretion to take other action to correct conditions resulting from violations of these laws, nor preclude referral of cases to the Attorney General. Additionally, this Policy Statement does not foreclose a credit applicant's right to bring civil action under the Equal Credit Opportunity or Fair Housing Acts or to file a complaint with the Department of Justice or the Department of Housing and Urban Development for violations of housing laws. Further this Policy Statement does not supersede or substitute for any regulations or enforcement policies issued by the Board or the Department of Housing and Urban Development under the Fair Housing Act.