

Second Review

Loan officers have different skills and authorities. While a junior loan officer would adhere to the guidelines, a more experienced loan officer could see compensating factors that would offset some negative information. What the second review does is to ensure that all loans are seen in the same light. It is not intended for the bank to make a bad loan - just that all applicants are given equal opportunities to get a loan.

In one bank, the loan officers had loan approval authority and recommendation for loan denial. There was a 2nd review officer (actually the credit policy officer) who had to look at and sign off on all adverse actions. She was chosen, as she reviewed loans from all officers, was in a position to see good and bad loans, and had the experience and authority to discuss the loan with the original decision maker. The problem with not having a good second review is that the bank could receive 2 applications with similar characteristics, and depending on the experience of the loan officer, one could be approved, and the other one declined.

The form is a guide to ensure that all loans had the same opportunity to be made. The form could be attached to the bank's copy of the adverse action notice, as proof to the regulators that the bank was doing all in its' power to ensure equality. If the bank elects to go this route, the 2nd review process should be added to the bank's loan policy.

Fair Lending Second Review

Borrower: _____ **Application No:** _____

Application Date: _____

	Question	Response		
		Yes	No	NA
1	Is the applicant's loan request for a product not offered by the Bank?			
2	If yes, is there a specific loan program within the Bank that could be considered to meet the applicant's credit needs and qualifications?			
3	If not, could exceptions to underwriting standards authorized by Bank policy be considered in order to meet the applicant's credit needs and qualifications?			
4	Were all factors considered in the underwriting process?	x		
5	Was the applicant offered the opportunity to explain all deficiencies?	x		
6	If the potential decline was based on weak (insufficient) credit, if within lending guidelines, was the applicant given the opportunity to obtain a co-borrower?	x		
7	If the potential decline was based on collateral, was the customer given the opportunity to provide additional collateral?	x		
8	If the potential decline was based on insufficient real estate value, did someone with knowledge of appraisals review the appraisal to ensure it reflected the true value of the property?	x		
9	Were all factors considered in granting this credit request?	x		

Conclusion:

By: _____ Title: _____ Date: _____

Adverse Action Letter sent: ____/____/____ (Business credits notified)