

Certified Regulatory Compliance Manager (CRCM)

1. For which of the following business activities must a bank holding company obtain prior approval of the Federal Reserve Board?

A. Operating as a management consulting firm for financial institutions

B. Selling installment loan data processing

C. Serving as a safe deposit company

D. Operating an auto club service

Answer(s): D

2. Country A (a foreign country that is boycotting Country B, another foreign country) has ordered goods from ABC, a U.S. corporation. Country A has opened a letter of credit with Overseas, Inc., a foreign bank. The letter of credit specifies that ABC must certify that it does not do business with Country B.

A. First National Bank must confirm the letter of credit but should also report it to the Department of Commerce.

B. First National Bank must confirm it if it previously agreed to do so.

C. First National Bank may do nothing but return the letter of credit to the issuing bank and report to the IRS.

D. First National Bank may advise ABC of the letter of credit and administer its disposal, but may not confirm it and must report it to the Department of Commerce and the IRS.

Answer(s): D

3. First National Bank receives a notice from the IRS to begin withholding 28 percent of the interest payments on the money market savings account of Myra Wilcox because of payee underreporting. What is the most proper action for First National Bank to take?

A. Begin withholding with the first payment after 30 days and send a notice to Ms. Wilcox at least 15 days before the first payment from which funds are to be withheld; stop withholding only on written notice from the IRS

B. Send notice to Ms. Wilcox within 15 days of the receipt of the IRS notice and begin backup withholding with the first payment following 30 days after the notice; stop withholding only on written notice from the IRS

C. Begin withholding and send a notice to Ms. Wilcox within 15 days of beginning the withholding; stop withholding only on written notice from the IRS

D. Send a notice to Ms. Wilcox within 15 days of the receipt of the IRS notice and begin withholding; stop withholding if Ms. Wilcox can prove to the bank that she is not underreporting

Answer(s): C

4. Second National has decided to close one of its less profitable neighborhood branches. Which of the following actions is NOT required of the bank under federal law?

A. Publish a notice of the closing in the local newspaper

B. Send notices to the branch customers

C. Post a notice at the branch

D. Send a notice to its regulatory agency

Answer(s): A

5. Which of the following loans is clearly NOT subject to the IRS mortgage interest reporting requirement?

A. A loan made to purchase securities, secured by rural acreage

B. A loan made to finance a college education, secured by a piece of commercial real estate

C. A loan made to purchase a lot on a lake, secured by a certificate of deposit

D. A loan made to purchase a residence, secured by the dwelling

Answer(s): C

6. Williams National Bank has its home office in New York State; however, it has branches in Nebraska. The federal banking agencies most recent host state loan-to-deposit publication lists the loan-to-deposit ratio for Nebraska as 78 percent. For Williams Bank to pass the loan-to-deposit screen of the Reigle-Neal Act, what must its loan-to-deposit ratio be for Nebraska?

A. At least 50 percent

B. At least 25 percent

C. At least 39 percent

D. At least 78 percent

Answer(s): C

7. During a recent compliance examination, regulatory examiners found that the bank was

A. Review all construction loan files to determine the extent of the problem

B. Conduct a risk assessment of the flood determination requirement on construction loans

C. Review the bank's flood policies and procedures to determine where the compliance failure occurred

D. Prepare an analysis for bank management explaining the requirement

Answer(s): C

8. 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. The original loan amount

C. A description of the property

D. Whether the borrower is personally liable for the debt

Answer(s): B

9. If a bank is a government securities broker or dealer, what are its responsibilities when it obtains a Form G-FIN-4 or an MSD-4 from an employee?

A. Verify the accuracy of the information by inquiring of all employers of the employee for the previous five years

B. Verify the accuracy of the information by inquiring of all employers of the employee for the previous three years

C. Verify the accuracy of all information on the form

D. Retain the form for 10 years

Answer(s): B

10. When is it possible for a bank to be exempted from compliance with some of the Government Securities Act custodial regulations?

A. When the bank maintains its securities in the ordinary course of business

B. When the bank has procedures in place to make sure it complies with the custodial regulations of its federal regulatory agency

C. When the bank does not hold itself out as a government securities broker or dealer

D. When the bank uses more than the normal standard of care when maintaining possession and control of securities

Answer(s): B

11. What obligation does a bank have to disclose a covered CRA agreement 40 months after it terminates?

A. It must send a copy to a member of the public upon request.

B. It must maintain a copy in its CRA public file.

C. It must send a copy to its regulatory agency upon request.

D. It has no obligation to disclose these covered CRA agreements.

Answer(s): D

12. Which of the following are recommended practices In Avoiding Predatory and Abusive Lending Practices in Brokered and Purchased Loans-AL-2003-3?

A. Have written agreements with third-party brokers that specifically and clearly address the rights and responsibilities of each party. Written agreements should
1. Ensure that no inappropriate compensation exists
2. Provide for indemnification to the bank
3. Enable banks to exit the arrangement through a termination procedure
4. Provide for the bank's and the OCC's ability to access all records of the third party and to audit the third party's operations

B. Verify that brokers and originators have established policies to ensure that loans will comply with all applicable laws

C. All of the above

D. Establish an effective management information system to monitor the performance of third-party brokers and originators

Answer(s): C

13. Roberta Milton's car lease with First National Bank reached its termination on August 1.

A. None are needed now.

B. The bank must disclose the estimated residual value at the end of six months

C. The bank must make an entirely new initial disclosure

D. None, until after six months of the month-to-month lease

Answer(s): D

14. Bank A offers safe deposit services in a vault area that contains a door too narrow for wheelchair passage. The bank cannot widen the door because of the vault construction. Therefore, when a customer

A. Require wheelchair customers to be accompanied by a walking individual to retrieve the safe deposit box for the customer

B. Remove the old vault and install a new vault to allow wheelchair access

C. Construct an alternative facility in which to store the safe deposit boxes of wheelchair customers

D. Bring the safe deposit box to the customer and provide an accessible area where the customer may privately have access to the contents

Answer(s): D

15. Which of the following advertising activities indicate that a bank would NOT be exempt from SEC registration requirements?

A. Mentioning in a print advertisement that the bank provides accommodation securities trades for its regular custodial accounts

B. Listing its securities transfer services as a service the bank provides for IRA accounts along with other IRA benefits

C. Listing its securities services for trust accounts in the bank's extensive trust services brochure

D. Stating in an advertisement concerning employee benefit plan services that the bank provides securities brokerage services for employee benefit plan accounts

Answer(s): A

16. Which of the following actions is NOT a custodial requirement of the Government Securities Act?

A. Keeping government securities free of liens, claims, and charges.

B. Segregating government securities from bank assets

C. Issuing safekeeping receipts for securities

D. Keeping possessory government securities in a vault with dual control access

Answer(s): D

17. Mr. Roberts has three loans at First National Bank: Loan A made to purchase a car, secured by the car; Loan B made to purchase stock, secured by a lake lot; and Loan C made to pay taxes, secured by a rental house he owns. Last year he paid \$2,500 in interest on Loan A; \$550 in interest on Loan B; and \$1,000 in interest on Loan C.

A. \$4,050

B. \$1,550

C. \$1,000

D. \$2,500

Answer(s): C

18. They also embrace the concept of risk-based compliance management. They expect compliance management to be tailored to the bank, be it large or small, offering standard or specialty financial services, simple or complex products lines, and adjusted as appropriate for the

A. Risk management organizations

B. Bank regulatory agencies

C. Outsourcing firms

D. Foreign financial service providers

Answer(s): B

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

A. Write procedures to assist in preserving evidence of crimes

B. Appoint a security officer

C. Hire a security consultant to inspect the bank for the effectiveness of the bank's security devices

D. Write a security program

Answer(s): C

20. Under the Interagency Statement on Retail Sales of Nondeposit Investment Products what disclosure must the bank's investment sales representative make to the customer?

A. The sales commission resulting from the investment purchase

B. That the investment product is not guaranteed by the bank

C. The arbitration procedure for resolving disputes over investment advice

D. The bank's regulatory agency

Answer(s): B

