

OVERVIEW

Evaluate the adequacy of the residential mortgage lender and originator to manage FinCEN's nonbank anti-money laundering program and its ability to file Suspicious Activity Reports (SARs).

Review management's commitment to implement effective monitoring and reporting systems.

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LENDERS COMPLIANCE GROUP is the first and only full-service mortgage risk management firm in the United States.



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Anti-Money Laundering

FinCEN's AML Program for Nonbanks

SCOPE OF ENGAGEMENT - REVIEW

The following is an outline of the Scope of services that Lenders Compliance Group, Inc. provides in reviewing the integrity of a company's Anti-Money Laundering Program:

- Conduct an intake interview with company's officials, compliance personnel, and support staff to (1) determine the priorities and exigencies of the engagement, and (2) implement appropriate procedures and forms.
- Review existing anti-money laundering policy and procedures documents and provide guidance to assure conformance with FinCEN's Anti-Money Laundering program requirements.
- Draft an Anti-Money Laundering Policy and procedure that comports with FinCEN's Final Rule requirements and also conduces to the way the company conducts business in its retail loan origination channel.
- Review and, where appropriate, provide consumer disclosures to comply with the requirements subject to the Scope.
- Written and verbal (i.e., emails, telephone calls) communication between LCG and the company on compliance administration matters as it relates to the Scope, including but not be limited to, explanations of documents provided, clarifications of interpretations, and responses by LCG to Company questions or proposals.

Each Residential Mortgage Lender and Originator ("MLO") must adopt a policy and procedure for Anti-Money Laundering, in recognition of the its obligations under the Bank Secrecy Act ("BSA"), other related money laundering regulations, the requirements of the Financial Crimes Enforcement Network, and federal and state licensing agencies.

The Financial Crimes Enforcement Network ("FinCEN"), a bureau of the Department of the Treasury, finalized regulations ("Final Rule") requiring non-bank residential mortgage lenders and originators to establish anti-money laundering ("AML") programs and to file Suspicious Activity Reports ("SARs"), in the same manner as FinCEN required of other types of financial institutions.

The BSA authorizes the Treasury to issue regulations requiring financial institutions, including any "loan or finance company" to maintain records and to file reports that the Treasury determines to "have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, or in the conduct of intelligence or counterintelligence activities, including analysis, to protect against international terrorism."

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