

## 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.

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

The range of products and services offered by Residential Mortgage Lenders and Originators (RMLOs), and the customer bases served by them, are equally diverse.

We review, monitor, audit, test, and provide policies, procedures, and forms, in accordance with the ***Anti-Money Laundering Program and Suspicious Activity Report Filing Requirements for Residential Mortgage Lenders and Originators***, Financial Crimes Enforcement Network, Department of the Treasury, 31 CFR Parts 1010 and 1029, Final Rule, Federal Register, Vol. 77, No. 30, 2/14/2012.

### Risk Factors

- Anticipated account activity subject to Anti-Money Laundering (AML).
- Types of products and services offered by the RMLO.
- Locations and markets served by the RMLO.
- Purpose of the account.

### Risk Mitigation

- Identifying RMLO relationships.
- Assessing the potential risks posed by the RMLO relationships.
- Conducting ongoing due diligence on the RMLO relationships when necessary.
- Ensuring RMLO relationships are appropriately considered within the required monitoring and reporting systems.
- Registration with FinCEN and compliance requirements.
- Procedures for the RMLO to file a SAR if it becomes aware that a customer is operating in violation of Bank Secrecy Act (BSA) compliance requirements.
- Review the RMLO's due diligence beyond the minimum due diligence obligations dictated by the level of risk posed by the individual RMLO customer.

### Risk Assessment

- Purpose of the account.
- Locations and markets served by the RMLO.
- Anticipated account activity (type and volume).
- Types of products and services offered by the RMLO.

### Independent Testing

- Apply the RMLO's policies, procedures, forms.
- Determine level of implementation of the Customer Information Protection (CIP) program.
- Confirm FinCEN registration, if required.
- Confirm compliance with state, federal and GSE requirements, if applicable.
- Confirm agent status, if applicable.
- Conduct a basic BSA/AML risk assessment to determine the level of risk associated with the account and whether further due diligence is necessary.
- Review the BSA/AML program.
- Review results of the RMLO's independent testing of its AML Program.
- Review written procedures for AML Program.
- Conduct off-site and, where applicable, on-site visits.
- Review list of agents, including locations, within or outside the United States, which will be receiving services directly or indirectly through the RMLO account.
- Review written agent management and termination practices.
- Review written employee screening practices.