

OVERVIEW

Test the adequacy of the Residential Mortgage Lender and Originator to manage FinCEN's nonbank anti-money laundering program and its compliance in filing Suspicious Activity Reports (SARs).

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

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



Lenders Compliance Group

167 West Hudson Street
Suite 200
Long Beach, NY 11561
Phone: (516) 442-3456
Fax: (516) 706-7070
lenderscompliancegroup.com

Anti-Money Laundering Testing For Nonbanks

FinCEN's AML Program – Testing for Nonbanks

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 (RMLOs) 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. FinCEN issued these regulations defining non-bank residential mortgage lenders and originators as loan or finance companies for the purpose of requiring them to establish anti-money laundering programs and to report suspicious activities under the Bank Secrecy Act (BSA).

Testing annually is recommended, but not later than every eighteen months. An audit of the procedures detailed in an RMLO's policy and procedures must be conducted either internally, in accordance with FinCEN guidelines, or, in accordance with FinCEN guidelines, by an independent, external auditor entirely independent of the company's BSA Officer.

AUDIT REQUIREMENTS

- Audit responses to Prior Year Consulting and Regulatory Examination Reports, if applicable.
- Entrance Interview.
- Issue and Review Document Request.
- Conduct Anti-Money Laundering (AML) Risk Assessment.
- Review:
 - AML Compliance Program Oversight.
 - Customer Identification Program Oversight.
 - Suspicious Activity Reporting (SAR) Policies and Procedures.
 - Suspicious Activity Monitoring Systems.
 - Transaction Testing, consisting of a sample of filed Suspicious Activity Reports (SARs) in order to determine completeness.
 - Information Sharing Practices under Section 314(a) and 314(b) of the USA PATRIOT Act.
 - Reporting of Cash Payments Over \$10,000 (FinCEN Form 8300), if applicable.
 - Report of Foreign Bank and Financial Accounts (IRS Form TD F 90-22.1), if applicable.
 - Report of International Transportation of Currency or Monetary Instruments (FinCEN Form 105), if applicable.
- Issue an Audit Report containing Findings and Recommendations.
- Exit Interview.