

Qualified Thrift Lender Test Program

EXAMINATION OBJECTIVES

RESCINDED

To evaluate the institution's policies, procedures, and controls for achieving or maintaining QTL or DBLA status.

Replaced by Comptroller's Handbook - Qualified Thrift Lender

To confirm the institution's QTL or DBLA status.

To ensure that the institution observes any consequent limitations or penalties for QTL or DBLA failure.

EXAMINATION PROCEDURES

LEVEL I

WKP.REF.

1. Determine if the institution observes the QTL or DBLA test. If it is the DBLA test, determine if the institution meets applicable DBLA criteria.

2. Review and assess the accuracy of the Qualified Thrift Lender Worksheet or records of compliance with the DBLA test.

3. Determine whether the institution met the requirements of the QTL or DBLA test since the last examination.

4. Review the previous examination report to determine the presence of any QTL-related issues. Determine if management has corrected the deficiencies.

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5. Review the Matters Requiring Board Attention and Corrective Actions from the three or four previous ROEs to ensure that the board and management have taken appropriate corrective action where necessary and persistent problems have not recurred.

6. Assess the institution's policies, procedures, and controls relating to achieving or maintaining QTL or DBLA status.

7. Determine whether any exceptions to the QTL requirement exist, such as extraordinary circumstances.

8. Determine if the institution records all investments correctly.

9. Determine if all investments counted as QTL meet the applicable standards.

10. Review documentation supporting the inclusion of any investments that are not clearly eligible.

11. If the institution failed the QTL or DBLA test, perform Level II procedures.

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LEVEL II

12. When the institution has failed the QTL or DBLA test, determine if the failure is the first one.

13. Determine how long the failure has lasted and if the institution has complied with the applicable penalties.

14. Interview management to determine if the institution intends to change the composition of its balance sheet to requalify as a QTL or DBLA.

15. Determine management's plan for maintaining QTL or DBLA status once regained, stressing the consequences of a second failure.

16. State in the examination report if the institution has not complied with QTL penalties since failure, or if the review uncovers a second or third failure. Outline the actions the institution needs to take to comply with the applicable penalty provisions.

17. Ensure that your review meets the Objectives of this Handbook Section. State your findings, conclusions, and appropriate recommendations for any necessary corrective measures on the appropriate work papers and report pages.

EXAMINER'S SUMMARY, RECOMMENDATIONS, AND COMMENTS

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