

[Company Letterhead / Logo Area]

DATE: [Date]

TO: [Loan Officer Name / Department Name]

FROM: [Compliance Department / Risk Management]

SUBJECT: FORMAL WARNING: Disparate Impact in Loan Pricing Patterns

Dear [Recipient Name],

This letter serves as a formal warning regarding the loan pricing and discretionary markup patterns identified during our recent fair lending compliance audit for the period of [Start Date] to [End Date].

Nature of Concern:

Our statistical analysis indicates a significant disparity in the interest rates and/or loan fees applied to applicants within protected classes compared to similarly situated non-protected applicants. Specifically, our data shows that [Briefly describe the statistical deviation, e.g., higher average overages for specific demographics].

Regulatory Context:

Under the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA), "Disparate Impact" occurs when a lender applies a facially neutral policy-such as discretionary pricing-that results in a disproportionately adverse effect on a protected group, regardless of intent.

Required Actions:

- **Immediate Review:** You are required to review all pending loan applications to ensure pricing aligns strictly with the established rate sheet.
- **Justification Documentation:** Any deviations or "exceptions" from standard pricing must be documented in writing with a valid, non-discriminatory business justification.
- **Mandatory Training:** You must complete the [Name of Fair Lending Training] by [Deadline Date].

Failure to correct these pricing patterns or further evidence of unexplained disparities may lead to additional disciplinary action, up to and including termination of employment and potential regulatory referral.

Please acknowledge receipt of this warning by signing below.

Sincerely,

[Signature]

[Name of Compliance Officer]

[Title]

Employee Acknowledgment:

I acknowledge that I have received this warning and understand the compliance requirements regarding fair lending and loan pricing.

Signature: _____ Date: _____