

DATE: [Insert Date]

TO: [Underwriter Name/Department Name]

FROM: [Compliance Department/Chief Risk Officer]

SUBJECT: FORMAL WARNING: Underwriting Disparities and Fair Lending Compliance

Dear [Name],

This letter serves as a formal warning regarding identified disparities in your underwriting decisions that may violate Fair Lending laws, specifically the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act (FHA).

Recent internal audits and statistical monitoring have identified the following areas of concern:

- Inconsistent application of credit criteria among protected classes.
- Discretionary overrides that lack documented, non-discriminatory justification.
- Higher denial rates for [Specific Protected Class] applicants compared to similarly situated applicants.

Our institution is committed to providing equitable access to credit. Any practice that results in disparate treatment or creates a disparate impact on protected classes is strictly prohibited and subjects the institution to significant legal and regulatory risk.

Required Actions:

1. Immediate cessation of any inconsistent underwriting practices.
2. Mandatory completion of "Fair Lending and Implicit Bias" training by [Deadline Date].
3. Detailed written justification for all future credit exceptions or manual overrides.

Your underwriting activities will be subject to heightened monitoring for the next [Number] months. Failure to remediate these disparities or further instances of non-compliance will result in disciplinary action, up to and including termination of employment.

Please acknowledge receipt of this letter by signing below.

Sincerely,

[Signature]

[Name and Title]

Employee Acknowledgment:

Signature: _____ Date: _____