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QUESTION 1

Williams National Bank has its home office in New York State; however, it has branches in Nebraska. The federal banking agencies most recent host state loan-to-deposit publication lists the loan-to-deposit ratio for Nebraska as 78 percent. For Williams Bank to pass the loan-to-deposit screen of the Reigle-Neal Act, what must its loan-to-deposit ratio be for Nebraska?

- A. At least 78 percent
- B. At least 50 percent
- C. At least 39 percent
- D. At least 25 percent

Correct Answer: C

QUESTION 2

Which of the following transactions is subject to the provisions of Regulation O?

- A. Time deposit account held by a director
- B. Travel advance to an executive officer outstanding for less than 30 days
- C. Extension of credit to a director of an unaffiliated, competing, noncorrespondent bank
- D. Extension of credit to a member of the bank's board of directors

Correct Answer: D

QUESTION 3

Which of the following describes the record retention requirements under Regulation B for a credit application from a business with annual gross revenues in excess of \$1,000,000?

- A. The bank must retain records for 30 days; however, if a written statement of action is requested, the bank must retain the records for 90 days.
- B. After 6 months, the bank must dispose of the applications and records in accordance with waste disposal rules promulgated by the EPA.
- C. The bank must retain records for 12 months if a written statement of adverse action is requested within 60 days after notifying the applicant of the action taken.
- D. The bank must retain records for 25 months from the date of application.

Correct Answer: C

QUESTION 4

Which of the following must a "large" bank maintain as part of its CRA program?

- A. Listing of director, officer, and employee community involvement, and a listing of loans made to low- and moderate-income individuals
 - B. Description of its assessment area, written comments and responses, and the public portion of the regulator's most recent CRA performance evaluation
 - C. Copy of the bank's CRA Notice and the bank's most recent five years of CRA disclosure statements
 - D. A comprehensive record of all CRA-related training completed by employees during the past two years
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Correct Answer: B

QUESTION 5

Bob's wife is HIV-positive due to a blood transfusion during an appendectomy 15 years ago. She is not yet sick, but takes medication to prevent the onset of AIDS. Bob occasionally needs to take time off from work to take her for testing at Johns Hopkins in Baltimore. Because of complaints about Bob's exposure to this disease, employees have asked HR to limit his contact with them and with customers. The bank has asked Bob not to eat in the lunchroom with the other employees and has placed Bob in a position where he has limited customer contact. Does this company have any potential ADA liability?

- A. No. Bob's exposure to HIV could endanger other employees and customers
- B. No. Because the hiring manager does not know that Bob actually has HIV or AIDS, there is no liability
- C. Yes. Because the manager has associated Bob with this disease, the "associated with" rule applies
- D. Yes. Because the manager has regarded Bob as having a disability, he has been "regarded as" disabled and the ADA applies

Correct Answer: D

QUESTION 6

Which of the following bank products is NOT subject to the disclosure provisions of the Interagency Statement on Retail Sales of Nondeposit Investment Products?

- A. Fixed-rate annuities
- B. Variable-rate annuities
- C. Variable-rate savings accounts
- D. Mutual funds

Correct Answer: C

QUESTION 7

Martin Taylor, a loan officer at First National Bank, is a long-time friend of Bill Evans, a local homebuilder. Bill would like a line of credit at the bank and discusses the potential loan with Martin. During the discussion, Martin expresses his desire to build a house one day and Bill offers to build him one "at cost plus 5 percent." If Martin accepts Bill's offer, can he continue to act as his loan officer?

- A. No. The value of the gift is too great.
- B. Yes, if Martin discloses this fact to the bank.
- C. Yes, if Martin does not let the discount on the house affect his decision making process.
- D. Yes, if the bank's code of conduct allows such activity.

Correct Answer: A

QUESTION 8

Unless excluded by a board resolution or the bylaws, the following officers will be considered to be executive officers EXCEPT:

- A. Chairman of the board
- B. President
- C. Each vice-president and above (for example, senior vice-president, executive vice-president, and so on)
- D. Brokerage house's vice president

Correct Answer: D

QUESTION 9

EFT provides consumers with limitations on liability for unauthorized electronic fund transfers. It includes the following types of funds transfers EXCEPT:

- A. Point-of-sale transfers
- B. Automated teller machine (ATM) transfers
- C. Transfers initiated by Fax
- D. Withdrawals of funds, including merchant transactions where no electronic terminal is involved, if the customer's account is debited

Correct Answer: C

QUESTION 10

Which of the following pieces of information is the bank NOT required to report on Form 1099 for foreclosed and abandoned property?

- A. The name, address, and TIN of the borrowers
- B. A description of the property
- C. The original loan amount
- D. Whether the borrower is personally liable for the debt

Correct Answer: C

QUESTION 11

Which of the following sources is the least desirable to use when monitoring a correspondent bank's capital?

- A. A national rating agency's report on the correspondent bank
- B. The correspondent bank's own call report
- C. The correspondent bank's annual report to shareholders
- D. A national newspaper's story on the correspondent bank's financial condition

Correct Answer: D

QUESTION 12

First National Bankshares, Inc., a bank holding company, held substantially all of the voting stock of an equipment manufacturing corporation as collateral for a loan to the owner. On May 15 the borrower defaulted and on September 1, after proper notice was given, the bank foreclosed its security interest on the stock and exercised its rights to vote the stock at appropriate times. On December 31 the bank transferred the stock to a subsidiary corporation, FNB, Inc., to market the stock for sale more effectively. What is the longest time period that FNB, Inc., can possibly hold the stock?

- A. Up to two years from September 1
- B. Up to five years from September 1
- C. Up to two years from December 31
- D. Up to five years from December 31

Correct Answer: B

QUESTION 13

On a written request from a member of the public, the bank must disclose the names of each of its executive officers and principal shareholders to whom the bank had aggregate credit outstanding at the end of the latest quarter that

equaled or exceeded:

- A. 10 percent of the bank's capital, and unimpaired surplus or \$500,000, whichever is less; no disclosure is required if the aggregate credit was \$30,000 or less. Disclosure of individual loan amounts is not required
- B. 5 percent of the bank's capital, and unimpaired surplus or \$500,000, whichever is less; no disclosure is required if the aggregate credit was \$25,000 or less. Disclosure of individual loan amounts is not required
- C. 6 percent of the bank's capital, and unimpaired surplus or \$100,000, whichever is less; no disclosure is required if the aggregate credit was \$25,000 or less. Disclosure of individual loan amounts is not required
- D. 5 percent of the bank's capital, and unimpaired surplus or \$100,000, whichever is less; no disclosure is required if the aggregate credit was \$35,000 or less. Disclosure of individual loan amounts is not required

Correct Answer: B

QUESTION 14

In a motor vehicle lease, a mathematical progression showing how the periodic payment is derived, containing the following information:

- A. Gross capitalized cost (including the agreed-on value of the vehicle)
- B. Rent charge (the difference between the total of base payment over the lease term minus the depreciation and any amortized amounts)
- C. Itemization of other charges that are part of the periodic payment
- D. All of the above

Correct Answer: D

QUESTION 15

Which of the following is true of a bank's CRA strategic plan?

- A. It must be limited to a one-year term.
- B. It must have measurable goals.
- C. Affiliates must have their own plans.
- D. Even if the bank has multiple assessment areas, it must have one strategic plan.

Correct Answer: B
