

**DEPARTMENT OF FINANCIAL REGULATION  
VERMONT BANKING DIVISION**

**REGULATION B-2015-01: NON-DISCRIMINATION IN FINANCIAL SERVICES**

(This Regulation supercedes and replaces Regulation B-2014-03, adopted 9/25/2014.)

**SECTION ONE: AUTHORITY, SCOPE, AND PURPOSE**

- 1.1 This Regulation is issued by the Department of Financial Regulation pursuant to authority granted by 8 V.S.A. § 15; 8 V.S.A. § 10403; and 3 V.S.A. § 831(a).
- 1.2 This Regulation applies to all financial institutions as defined in 8 V.S.A. § 10403, offering personal and/or commercial credit services in Vermont.
- 1.3 The purpose of this Regulation is to implement 8 V.S.A. § 10403, entitled "Prohibition on discrimination based on sex, marital status, race, color, religion, national origin, age, sexual orientation, gender identity, or disability" and to identify requirements of the Vermont law which supplement both Federal Regulation B of the Board of Governors of the Federal Reserve System, Equal Credit Opportunity Act, as revised effective December 30, 2011 and thereafter; and Federal Regulation B of the Bureau of Consumer Financial Protection, Equal Credit Opportunity Act, effective December 21, 2011 and as revised thereafter.

**SECTION TWO: NOTICE OF ADVERSE ACTION**

- 2.1 Each applicant against whom adverse action is taken shall receive a written statement of reasons for such action from the financial institution.
- (a) A financial institution may not provide a written disclosure of the right to a statement of reasons in lieu of providing an actual statement, as is permitted by 12 CFR section 202.9 (a)(2) or 12 CFR 1002.9 (a)(2).
  - (b) A financial institution may not comply with sub-section 2.1 herein by providing a statement of reasons only upon request by the applicant as is permitted by 12 CFR section 202.9 (a)(3) or 12 CFR 1002.9 (a)(3).
- 2.2 For commercial credit only, a statement of reasons meets the requirements of subsection 2.1 herein only if it contains the specific reasons for adverse action taken, and cites the specific documentation or business judgment which supports the adverse decision on the application.
- (a) "Documentation" includes, but is not limited to, all borrower supplied external documents, credit reports, appraisals, business or market projections, demographic data, tax returns, financial history, business records or government surveys and reports.
  - (b) "Business Judgment" includes any subjective method of evaluation used in lieu of or in addition to an empirically derived, demonstrably and statistically sound, credit scoring system.

**SECTION THREE: EFFECTIVE DATE**

- 3.1 This rule shall take effect upon adoption.