



Independent Bankers Association of Texas

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Compliance Overview

Equal Credit Opportunity Act – Joint Intent

What is the Regulation B (ECOA) Joint Intent Rule? § 1002.14(a)(1)

While there is no specific “Joint Intent Rule,” it is extrapolated from 12 CFR 1002.7(d)(1): “...a creditor shall not require the signature of an applicant’s spouse or other person, other than a joint applicant, on any credit instrument if the applicant qualifies under the creditor’s standards of creditworthiness for the amount and terms of the credit requested. A creditor shall not deem the submission of a joint financial statement or other evidence of jointly held assets as an application for joint credit.”

Note: There is what is known as the “Business Lending Exception” which allows a lender to require the personal guarantee of partners, directors, or officers of businesses and shareholders of closely-held corporations. The lender can require those personal guarantees as credit enhancement even if the business is creditworthy.

Must evident of the intent to apply for joint credit be in writing?

There is an examiner expectation that there be a contemporaneous intent to apply for joint credit evidenced in writing. That typically involves a check box or a line indicating that the borrowers are in fact applying for joint credit at the time of application. Absent that, the examiners will likely consider notations made in the file and other specific evidence of joint intent—but that is a subjective assessment that can best be avoided with a written statement of joint intent. Any oral statement of joint intent should be noted in the loan file.

Note: The submission of joint financial statements can’t be construed as an intent to apply for joint credit. Neither can the inclusion of joint information contained on an application.

Does the joint intent requirement apply to business purpose loan applicants?

If an individual is signing in an official capacity of the borrower, then he or she does not need to sign a notice of joint intent or provide evidence to that effect. If an individual is signing as a co-borrower, then he or she does need to sign a notice of joint intent or provide evidence to that effect.

Does a guarantor have to express joint intent?

If an individual applies as a guarantor at the same time the business applied for credit, evidence of joint intent would be needed. If the guarantors are an underwriting requirement after the application was made, then evidence of joint intent would not be needed. See 1002.7(d) and its Commentary.

What about a renewal?

A renewal of an existing obligation should be treated as an application for credit. Each person currently obligated on the debt should express his or her intent to request joint credit if they elect to continue to be obligated on the renewal of that debt.

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