
Leasing Activities

Questionnaire

Yes No

GENERAL QUESTIONNAIRE

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|-----|---|--------------------------|--------------------------|
| 1. | Does the institution have objectives, policies, procedures, and controls specific to the leasing activity and are they adequate regarding: | | |
| | • Accounting designation of financial and operating leases? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Credit and accounting analysis? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Tax considerations for both lessees and lessors? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Collection and lease service record keeping? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Does the institution's board of directors review and approve these objectives, policies, procedures, and controls? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Has the board set limits for the leasing activity? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Does the board receive periodic reports on the performance and quality of the leasing portfolio? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Has counsel for the thrift, with expertise in leasing, reviewed the leasing activity? (In particular, counsel should closely scrutinize security agreements/ assignments, participation agreements and servicing contracts.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Does the institution have adequate expertise in the individual leasing areas? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Does the institution refrain from undue reliance upon broker/seller/servicers to answer questions on lease pools? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Are seller/servicers making payments on lease pools, potentially masking problems? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Does the institution retain written documentation of initial underwriting and ongoing analysis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Are lease financing and general leasing identified separately and distinctly, with accounting and tax criteria clearly identified? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | Does the institution have an adequate procedure for financial analysis? (The institution should obtain financial information on lessees and lease servicers; and require regular updates as warranted, particularly for commercial accounts.) | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. | Does the institution have proper controls for the maintenance of leasing records? | <input type="checkbox"/> | <input type="checkbox"/> |

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	Yes	No
13. Does the institution retain on thrift premises or under the thrift's control lease files, including the original lease and security agreements?	<input type="checkbox"/>	<input type="checkbox"/>
14. Does the institution issue lease commitments in writing?	<input type="checkbox"/>	<input type="checkbox"/>
15. Does management monitor and report to the board of directors delinquent lease payments?	<input type="checkbox"/>	<input type="checkbox"/>
16. Does the institution take appropriate collection action on delinquent lease accounts?	<input type="checkbox"/>	<input type="checkbox"/>
17. Does the institution place delinquent lease accounts in non-accrual status as required in the TFR instructions and GAAP?	<input type="checkbox"/>	<input type="checkbox"/>
18. Does the institution appropriately note, value, book, and control repossessions?	<input type="checkbox"/>	<input type="checkbox"/>
19. Do qualified thrift personnel complete valuation reports on repossessed property from an independent party or source?	<input type="checkbox"/>	<input type="checkbox"/>
20. Does the institution ensure the control, inspection, maintenance, and insurance of lease property?	<input type="checkbox"/>	<input type="checkbox"/>
21. Does the institution use reliable techniques to estimate the value of the property at the end of the lease term? Does the institution adequately support the estimate?	<input type="checkbox"/>	<input type="checkbox"/>
22. Did the thrift determine the true rate of return on the lease portfolio? Does that return provide adequate risk compensation?	<input type="checkbox"/>	<input type="checkbox"/>
23. Does the institution obtain and review audited financial statements on seller/ servicers of lease pools?	<input type="checkbox"/>	<input type="checkbox"/>
24. Does the thrift aggregate leases with the institution's other extensions of credit and limit them in accordance with loans-to-one-borrower rule § 560.93? Do the leases constitute an unacceptable credit concentration?	<input type="checkbox"/>	<input type="checkbox"/>
25. Did the institution properly assess the Allowance for Loan and Lease Losses for the lease portfolio?	<input type="checkbox"/>	<input type="checkbox"/>
26. Are lending or other transactions with principals of a lease broker/servicer appropriate?	<input type="checkbox"/>	<input type="checkbox"/>
27. Are there indications that the lease broker has cash flow problems such as an altered business strategy or lease sales to individual investors?	<input type="checkbox"/>	<input type="checkbox"/>
28. Is there a high number of out-of-area leases in the portfolio, rendering collections difficult and expensive?	<input type="checkbox"/>	<input type="checkbox"/>

