
Consumer Lending

Questionnaire

Yes No

GENERAL QUESTIONNAIRE

Consumer Loan Policies

1. Has the board of directors adopted written consumer loan policies that:
 - Establish procedures detailing loan underwriting guidelines such as: debt/income ratios, loan-to-value ratios, job stability requirements, credit history requirements, acceptable collateral, and loan terms for each type of loan?
 - Establish standards for determining credit lines?
 - Establish minimum standards for documentation?
2. Does the board review consumer loan policies at least annually to determine if they are compatible with the current business plan and the marketplace?

Segregation of Duties

3. Are persons who perform or review the preparation and posting of subsidiary consumer loan records prohibited from:
 - Issuing official checks or drafts singly?
 - Handling cash or checks?
4. Are persons who perform or review the preparation and posting of interest records prohibited from:
 - Issuing official checks or drafts singly?
 - Handling cash or checks?
5. Are persons who receive and investigate inquiries about loan balances prohibited from also handling cash and checks?
If not, who receives and investigates inquiries? _____
6. Are persons who subsequently review or test documents supporting recorded credit adjustments prohibited from also handling cash and checks?
If not, who reviews and tests? _____
7. Are persons who investigate reconciling items prohibited from also handling cash?

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Yes No

Loan Approval

8. Do authorized officers conduct loan approvals?
9. When amounts are significant, does the institution require two authorized signatures to effect approval or a status change in an individual customer account?

Physical Security of Documents

10. If secured property is marketable security or small personal property, does the association have physical control of the security? If so, is it:
- Under the supervision of an officer?
 - Kept under dual control?
 - Kept in a fireproof container?
 - Inventoried periodically and maintained in a log?
 - Released under controlled procedures and in a timely manner once proof of loan pay-off has been received?

Collateral

11. Does the association maintain records that:
- Detail the complete description of collateral pledged?
 - Are signed by the customer?
12. When collateral value is high, does the association require that two officers review and approve the release?

Balancing of Subsidiary Ledgers to the General Ledger

13. Does the association reconcile at least monthly the subsidiary consumer loan records to the appropriate general ledger accounts?

Disbursements of Loan Proceeds

14. Does the association segregate disbursement and loan approval responsibilities?

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Yes No

Operating Review System

15. Has the association developed procedures for monitoring compliance with established controls? Yes No
16. Has the association assigned employee(s) to:
- Review new loan documentation? Yes No
 - Determine proper segregation of duties and prohibit loan officers from processing loan payments? Yes No
 - Recompute the amount of discount on new loans? Yes No
 - Review entries to unearned discount or income accounts? Yes No
 - Determine accurate and prompt posting of payments? Yes No
 - Test check postings to general ledger at least weekly? Yes No

Other

17. Does the association maintain a daily record summarizing loan transaction details, e.g., loans made, payments received, and interest collected, to support applicable general ledger entries? Yes No
18. Does operating management produce and review an exception report that encompasses extensions, renewals, or any factors that will result in a change in customer account status? Yes No
19. Does management establish collection policies so that:
- A delinquent notice is sent prior to a loan becoming 30 days past due? Yes No
 - Collection effort is intensified when a loan becomes two payments past due? Yes No
 - Records of collection efforts are maintained in the customer's file? Yes No
20. Does the institution engage in subprime consumer lending activities? Yes No
21. Does the institution purchase consumer loans from others? Yes No
22. Does the institution engage in indirect consumer lending? Yes No

