**CONSUMER FINANCE – MANAGER'S QUESTIONNAIRE**

Please provide all electronic copies of the data requested. We use Microsoft Excel to analyze loan level data. For this reason, we request that the loan list be in a Microsoft Excel format.

In an effort to protect the books and records of Licensees and their customers, please submit all electronic information to the Department using Box.com.

All responses to request items must reconcile to the appropriate date, be signed (where applicable), accurate, complete, and uploaded into Box.com by the date indicated in the entry letter.

Our department will be happy to assist anyone needing clarification or advice in completing the requirements of the pre-examination packet. Your advance planning will ensure a timely and cost-effective process. If you have any other questions, please call our office at 360-902-8703. Thank you for your cooperation.

All Licensees must complete the Manager's Questionnaire. All questions are to be answered. If not applicable, insert N/A. If there is inadequate space or attachments are required, please create electronic attachments or additional sheets to this questionnaire and reference the section to which it refers. **Please label attachments to correspond with the letter or number of the questionnaire.**

**The following questions and attachments apply to the exam period stated in the entry letter.**

***NOTE: THIS QUESTIONNAIRE CONSTITUTES A DIRECTIVE PURSUANT TO RCW 31.04.145.  FAILURE TO COMPLY IS A VIOLATION OF THE CONSUMER LOAN ACT AND IS SUBJECT TO SANCTIONS THAT MAY INCLUDE LICENSE REVOCATION AND A FINE.***

**GENERAL INFORMATION**

1. State the Licensee name on the main office license as issued through NMLS:

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| --- |
|       |

1. Main Office License #:

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|       |

1. List all “doing business as” or “trade names” in which business is conducted:

If the Licensee does not have any trade names or DBAs, check the box as not applicable: [ ]

|  |
| --- |
|       |

1. List of all affiliates/subsidiaries of the Licensee:

If the Licensee does not have any affiliates or subsidiaries, check the box as not applicable: [ ]

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1. Provide the Licensee’s parent company:

If the Licensee does not have a parent company, check the box as not applicable: [ ]

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1. Provide the following information for the contact person for this examination:

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| --- |
| Name and title:       |
| Address:       |
| Telephone number:       |
| Facsimile number:       |
| E-mail address:       |

1. a) Provide the Licensee’s mailing address:

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|       |

1. Provide the address where personal loan books and records are maintained if different than 7(a) above. Check the box if not applicable: [ ]

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|       |

1. Provide the address where personal loan servicing records are maintained if different than 7(a) above. Check the box if not applicable: [ ]

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|       |

1. How are your records maintained? Example: Paper or imaged files.

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| --- |
|       |

1. Does the Licensee record phone calls?

[ ]  Yes [ ]  No

* 1. If yes, describe which calls are recorded:

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|       |

* 1. If yes, how long are call recordings maintained?

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|       |

1. How is the Licensee organized:

|  |
| --- |
| [ ]  Sole Proprietorship |
| [ ]  Partnership |
| [ ]  Corporation |
| [ ]  Limited Liability Company |
| [ ]  Other (specify)  |       |

1. List the name, title, and responsibilities of all officers, principals, partners, owners, directors, and 10% or greater stockholders of the Licensee on attached spreadsheet provided.

Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question 11” or other substantially similar report labeled Question 11.**

1. Does the Licensee or any officer, principal, partner, owner, director, or employee own more than 1% of the following service providers, or do any of these service providers own 1% or more of the licensee?

|  |  |  |
| --- | --- | --- |
| Type of Company | YES | NO |
| Credit Reporting Company | [ ]  | [ ]  |
| Credit Counseling Company | [ ]  | [ ]  |
| Credit Service Company | [ ]  | [ ]  |
| Insurance Company | [ ]  | [ ]  |
| Securities Company | [ ]  | [ ]  |
| Home Improvement Contractor | [ ]  | [ ]  |
| Any other service provider | [ ]  | [ ]  |

If YES to any of the companies, complete attached spreadsheet.

**USE ATTACHMENTS TAB “Question 12” or other substantially similar report labeled Question 12.**

**TYPE OF BUSINESS**

1. Indicate the type(s) of personal loan business in which the Licensee is engaged in Washington State only:

|  |  |
| --- | --- |
| [ ]  Personal Loan Origination | [ ]  Personal Loan Servicing |
| [ ]  Sales Finance Contract Origination | [ ]  Other (specify):       |

1. Is any business other than personal loan business conducted at the Licensee’s office locations?

[ ]  Yes [ ]  No

 If YES, provide the nature of the business(es) and the location(s).

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**ORIGINATION**

1. What was the Licensee’s main source of business during the examination period stated in the examination entry letter?

|  |  |
| --- | --- |
| [ ]  Internet | [ ]  Trade Publications |
| [ ]  Referral | [ ]  Telephone Solicitation |
| [ ]  Print Advertisement | [ ]  Third party loan brokers |
| [ ]  Television/Radio Advertisements | [ ]  Other (specify):  |       |

1. Has the Licensee received monies prior to loan closings from consumers? [ ]  Yes [ ]  No

If YES, what fees:

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|       |

**SALE OF LOANS AND LOAN FUNDING**

1. How does the Licensee fund loans? Example: Lines of credit, bank funds, etc.

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1. If used for funding, how many days are loans typically outstanding on lines of credit and other borrowings?
2. a) What percentage of loans originated in the past twelve (12) months have been sold into the secondary market?      %

b) What percentage of those loans were sold with recourse?      %

1. Has the Licensee made any loans which defaulted within the first three (3) months during the examination period stated in the examination entry letter? [ ]  Yes [ ]  No

If YES, provide details.

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1. Has the Licensee had any lines of credit or other borrowings terminated during the examination period stated in the examination entry letter? [ ]  Yes [ ]  No

If YES, provide details.

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1. Has the Licensee been requested or required to repurchase any loan during the examination period stated in the examination entry letter? [ ]  Yes [ ]  No

If YES, provide details.

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1. Has the Licensee been required to execute an indemnity agreement on any loan during the examination period stated in the examination entry letter? [ ]  Yes [ ]  No

If YES, provide details.

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**DISCLOSURE QUESTIONS (all states, anywhere)**

If you answer “Yes” to any questions in this section, you must provide details and supporting documentation. Supporting documentation must be labeled to correspond to the question.

**For example, if you answer yes to 24A(1) label the corresponding document 24A(1)Support.pdf.**

1. Criminal/Regulatory Action/Civil/Financial Disclosure Questions:

**Criminal Disclosure:**

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| --- |
| **A. Has the entity or a control affiliate ever:** |
| A(1) | been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony? | [ ]  Yes [ ]  No |
| A(2) | been charged with any felony? | [ ]  Yes [ ]  No |
| **B.** |
| B(1) | In the past 10 years has the entity or a control affiliate been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion? | [ ]  Yes [ ]  No |
| B(2) | Are there pending charges against the entity or a control affiliate for a misdemeanor specified in (B)(1)? | [ ]  Yes [ ]  No |

**Regulatory Action Disclosure:**

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| --- |
| **C. In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:** |
| C(1) | found the entity or a control affiliate to have made a false statement or omission or been dishonest, unfair or unethical? | [ ]  Yes [ ]  No |
| C(2) | found the entity or a control affiliate to have been involved in a violation of a financial services-related regulation(s) or statute(s)? | [ ]  Yes [ ]  No |
| C(3) | found the entity or a control affiliate to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked or restricted? | [ ]  Yes [ ]  No |
| C(4) | entered an order against the entity or a control affiliate in connection with a financial services-related activity? | [ ]  Yes [ ]  No |
| **D.** |
| D(1) | Has the entity's or a control affiliate's authorization to act as an attorney, accountant, or State or federal contractor ever been revoked or suspended? | [ ]  Yes [ ]  No |
| **E.** |
| E(1) | Is there a pending regulatory action proceeding against the entity or a control affiliate for any alleged violation described in (C) through (D)? | [ ]  Yes [ ]  No |

**Civil Disclosure:**

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| --- |
| **F. Has any domestic or foreign court:** |
| F(1) | in the past ten years enjoined the entity or a control affiliate in connection with any financial services-related activity? | [ ]  Yes [ ]  No |
| F(2) | in the past ten years found the entity or a control affiliate was involved in a violation of any financial services-related statute(s) or regulation(s)? | [ ]  Yes [ ]  No |
| F(3) | in the past ten years dismissed, pursuant to a settlement agreement, a financial services-related civil action brought against the entity or control affiliate by a State or foreign financial regulatory authority? | [ ]  Yes [ ]  No |
| **G.** |
| G(1) | Is there a pending financial services-related civil action in which the entity or a control affiliate is named for any alleged violation described in (F)? | [ ]  Yes [ ]  No |

**Financial Disclosure:**

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| **H.**  |
| H(1) | In the past ten years has the entity or a control affiliate been the subject of a bankruptcy petition? | [ ]  Yes [ ]  No |
| **I.** |
| I(1) | Has a bonding company ever denied, paid out on, or revoked a bond for the entity? | [ ]  Yes [ ]  No |
| **J.** |
| J(1) | Does the entity have any unsatisfied judgments or liens against it? | [ ]  Yes [ ]  No |

1. A statement describing any pending litigation in all states which in the aggregate amounts to 5% or more of the licensee’s net worth. Check the box if not applicable: [ ]

The statement should include:

* Whether the licensee is the plaintiff or defendant;
* The dollar amount involved;
* A brief description of the suit;
* The status of the suit; and
* An opinion on the probable outcome.

**FINANCIAL INFORMATION**

1. When does the Licensee’s fiscal year end?

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1. Has the Licensee’s fiscal year end changed since the last state examination? [ ]  Yes [ ]  No

If YES, provide details.

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1. How frequently are unaudited financial statements prepared?

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1. Is an internal financial auditor employed by the Licensee? [ ]  Yes [ ]  No

If YES, describe the reporting procedure and the audit program used.

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1. Is the Licensee currently delinquent (more than 60 days past due) on any account owed to any creditor or vendor? [ ]  Yes [ ]  No

If YES, provide a list of the creditors and vendors, the amount of the delinquency, and the reason for the delinquency.

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**ADDITIONAL INFORMATION**

**FINANCIAL**

1. The Licensee's last two full year financial statements, **if not already in the NMLS**. If an auditor is used, supply the audited statement.
2. The Licensee’s most recent unaudited financial statement as of the end of the examination period as stated in the examination entry letter, **if not already in the NMLS**.
3. A copy of the last management letter, single audit letter, and letter of regulatory compliance if such reports were prepared by a Certified Public Accountant. Check the box if not applicable: [ ]
4. A listing of all bank accounts utilized by the Licensee to fund loans during the examination period stated in the examination entry letter. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question D” or other substantially similar report labeled Question D.**

* Name of the depository institution;
* Address of the depository institution;
* Account number;
* Type of account;
* Purpose of each account; and
* Balance for each account at the end of the last six statement periods.

**FUNDING**

[ ]  **Check** if the Licensee did not have lines of credit or other borrowings during the examination period. **Skip** to Question H.

1. A listing of all lines of credit and other borrowings available to the Licensee at the end of the month for each of the last six months, including funding from the Licensee’s parent company.

**USE ATTACHMENTS TAB “Question E” or other substantially similar Excel report labeled Question E.**

* Name of the creditor;
* Address of the creditor;
* Total dollar amount of the line/borrowing;
* Amount in use; and
* Expiration date of each contract and whether or not the line will be renewed and for how long.
1. A listing of all Washington loans outstanding in the Licensee’s portfolio on December 31 of the prior two years.

**USE ATTACHMENTS TAB “Question F” or other substantially similar Excel report labeled Question F.**

* Name (Last, First); and
* Dollar amount of loan.
1. The Licensee’s projection of future viability of lines of credit and other borrowings.

**Advertising (Washington State Only)**

1. Copies of all advertising policies.
2. Copies of all Washington State residential mortgage loan and personal loan advertising marketed by the Licensee during the examination period stated in the entry letter.
3. A listing of all advertisements distributed or broadcast to consumers during the examination period stated in the entry letter.

**USE ATTACHMENTS TAB “Question J” or other substantially similar Excel report labeled Question J.**

* Name of advertisement as submitted in Question I above.
* Time period utilized.
* Number of consumers sent the advertisement (physically distributed advertisements).
* Number of radio/television or other broadcast platform plays.
1. A list of all web site and social media sites where the Licensee advertises including all branch and loan originator web sites.
2. All marketing service agreements and joint advertising agreements.

**ORIGINATIONS**

1. Provide the lending policies used for making credit decisions.
2. A list of all personal loans made and applications taken during the examination period stated in the examination entry letter.

**USE ATTACHMENTS TAB “Question N” or other substantially similar Excel report labeled Question N.**

* Loan number;
* Borrower name (Last, First);
* Address;
* Purpose of loan (i.e. purchase or refinance);
* Loan type (i.e. auto, cash, student loan);
* Loan amount;
* Status of loan (i.e. funded, withdrawn, denied);
* Status date;
* Application date;
* Completed application date for ECOA purposes;
* Disbursement date;
* Interest rate;
* APR;
* Loan origination fee;
* Origination source (i.e. in-house, third party broker);
* Branch address;
* Branch license number; and
* Whether or not credit life, credit disability, or other insurance products were sold in connection with the transaction.
1. A list of personal loans paid-off during the examination period stated in the examination entry letter. Check the box if not applicable [ ]

**USE ATTACHMENTS TAB “Question O” or other substantially similar Excel report labeled Question O**

* Loan number;
* Borrower name (Last, First);
* Address;
* Date of origination;
* Date of pay off request;
* Date payoff request was satisfied;
* Date paid off;
* Date the title was reconveyed to collateral; and
* Prepayment penalty charged.
1. A list of all personal loans renewed/refinanced within 120 days of origination during the examination period stated in the examination entry letter. Check the box if not applicable [ ]

**USE ATTACHMENTS TAB “Question P” or other substantially similar Excel report labeled Question P.**

* Loan number;
* Borrower name (Last, First);
* Date of origination;
* Renewal date;
* Number of renewals/refinances; and
* Loan origination fee.

**SERVICING**

[ ]  **Check** if the Licensee does not service personal loans and **Skip** to Question T.

1. Provide a list of all loans originated that the Licensee continued to service during the examination period stated in the examination entry letter.

**USE ATTACHMENTS TAB “Question Q” or other substantially similar Excel report labeled Question Q.**

* Loan number;
* Borrower Name (Last, First);
* Purpose of loan (i.e. purchase or refinance);
* Whether the loan is serviced for a third party;
* Date on which loan servicing was acquired;
* Status of loan (i.e. paid-off, delinquent, etc.);
* Status date;
* Date which title was reconveyed to collateral; and
* Whether the loan servicing has been transferred.
1. Provide a copy of your 30/60/90 day delinquency reports prepared for originated auto loans that the Licensee continued to service as of the examination date. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question R” or other substantially similar Excel report labeled Question R.**

* Borrower name (Last, First);
* Loan number
* Loan balance; and
* Number of days delinquent.
1. Provide a list of repossessions and judgments outstanding related to auto loans originated as of the examination date. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question S” or other substantially similar Excel report labeled Question S.**

* Borrower name (Last, First);
* Loan number;
* Loan balance;
* Estimated value/appraised value or amount of sale; and
* Gain or loss on sale of asset.

**ANCILLARY PRODUCT SALES**

1. Does the Licensee sell ancillary products? [ ]  Yes [ ]  No

If **NO**, **skip** to question W.

1. What ancillary products does the Licensee sell?

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1. Does the Licensee finance ancillary products? [ ]  Yes [ ]  No

If yes, which products are financed?

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1. Provide sample copies of all insurance disclosure documents and insurance policies.
2. Provide the name and Washington Office of Insurance Commissioner license number of individual(s) in the Licensee offices licensed to sell insurance.
3. Provide the name, address, and the Washington Office of the Insurance Commissioner license numbers of the insurance companies for which the Licensee acts as agent.
4. Is the purchase of ancillary products a factor in the approval of credit?
5. How is the purchase of ancillary products disclosed to the consumer?
6. Is specific written affirmation obtained from the consumer and made a part of the loan file if a product is purchased?
7. Is the consumer given a written notice disclosing their right to cancel any credit related insurance and receive a full refund?       How many days are allowed?
8. Provide the method used to calculate all insurance refunds.
9. Provide penetration reports for prior year-end and year-to-date. For each period the report must include:
* Total number of loans;
* Percentage of Credit Life (C.L.), Accident and Health (A&H), Involuntary Unemployment Insurance (I.U.I.) and Personal Property (P.P.I.) and other ancillary products (except for Guaranteed Asset Protection (GAP)) sold; and
* The total number of loans made for each type of insurance.
1. Provide a list of insurance claims filed during the examination period stated in the examination entry letter for C.L., A&H, I.U.I. and P.P.I. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question T-xii” or other substantially similar Excel report labeled Question T-xii.**

* Loan number;
* Borrower name (Last, First);
* Date of loss;
* Date claim filed;
* Date claim paid;
* Amount paid by insurance company;
* Time period payment covered; and
* Type of Insurance (i.e. CL, A&H, IUI, PPI).
1. Provide a list of all personal loans paid off during the examination period stated in the examination entry letter, which had credit insurance. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question T-xiii” or other substantially similar Excel report labeled Question T-xiii.**

* Loan number;
* Borrower name (Last, First);
* Date of loan origination;
* Pay off date;
* Total credit insurance premium amount; and
* Amount of insurance refund per product sold.

**COMPLAINT HISTORY**

1. A list of complaints filed since the prior examination. Check the box if not applicable: [ ]

**USE ATTACHMENTS TAB “Question U” or other substantially similar Excel report labeled Question U.**

* Loan number;
* Borrower name (Last, First);
* Complaint number;
* Summary of complaint and response;
* Complaint resolution;
* Branch address; and
* Branch license number.

**MISCELLANEOUS**

A.A. The most recent quality control report prepared either internally or externally. Check the box if not applicable: [ ]

B.B. A list, including addresses, of all other locations where the Licensee conducts personal loan business. Check the box if not applicable: [ ]

C.C. An organizational chart detailing ownership and affiliate relationships of the Licensee.

D.D. Licensee’s Disaster Recovery Plan.

E.E. Licensee’s Red Flags Policy.

F.F. Licensee’s vendor management plan.

**INFORMATION SECURITY**

The Department is concerned with the security of borrower information. Not maintaining confidentiality, integrity, and availability of information can result in direct harm to borrowers and operational and reputational risk for businesses. In order to facilitate the Licensee’s on-going education in information security, the Department provides various information security related resources on its website: <https://dfi.wa.gov/consumer-loan-companies/consumer-loan-companies-examinations>

Please answer the following questions regarding your Licensee’s implementation of information security best practices. You are required to answer the following questions, but your responses will not affect your rating.

|  |  |  |
| --- | --- | --- |
| # | Question | Response |
| 1 | If Wi-Fi is used, what form of encryption is configured? |       |
| 2 | What password rules do you and your employees follow? |       |
| 3 | Has data been classified based on the criticality/sensitivity of the information? Have you determined and documented what information needs to be protected/secured? |       |
| 4 | When you send sensitive information, like loan files or social security numbers, electronically what do you use to send it? Is it sent securely? |       |
| 5 | How are sensitive paper documents disposed of? |       |
| 6 | How is electronic data (such as hard drives, usb drives, cds, etc.) disposed of? |       |
| 7 | Are hardware and software firewalls installed and activated? |       |
| 8 | Are all computer systems patched and updated regularly? |       |
| 9 | What type of anti-virus/anti-malware software is used by the Licensee? Is this software installed on all computer devices used by the Licensee, including employees personal computers, if used for business purposes? |       |
| 10 | How do you back-up important information? If your main copy was destroyed (either due to a physical disaster or a computer incident) would you be able to recover your important documents? |       |
| 11 | Does everyone who has access to sensitive information, such as loan files and social security numbers, need that access to perform their job? Is user access limited to business need? |       |
| 12 | Is a Clean Desk policy\* implemented?\* The purpose of a clean desk policy is to ensure sensitive information is not left unattended.  |       |

**CERTIFICATION**

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| --- | --- |
|      , | certifies that he/she is |
| (Name of Authorized Representative) |  |
|       | of |       |
| (Title of Authorized Representative) |  | (Name of Licensee) |
| and that the foregoing answers, all information contained in attached supplemental schedules, and all other documentation submitted in response to this questionnaire are true and correct in all respects to the best of his/her knowledge and belief. |
|  |
| Certified this |       | day of |      , | 20      |
|       |
| (**Signature of Authorized Representative**) |