



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

Division of Consumer Services

P.O. Box 41200 • Olympia, Washington 98504-1200

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DESIGNATED BROKER'S MANAGER'S QUESTIONNAIRE

All licensees must complete the Designated Broker's Questionnaire (DBQ). All questions are to be answered. If not applicable, insert N/A or check the box marked N/A. If there is inadequate space or attachments are required, please attach additional sheets to this questionnaire and reference the section to which it refers.

NOTE: THIS QUESTIONNAIRE CONSTITUTES A DIRECTIVE PURSUANT TO RCW 19.146.235. FAILURE TO COMPLY IS A VIOLATION OF THE MORTGAGE BROKER PRACTICES ACT AND IS SUBJECT TO SANCTIONS THAT MAY INCLUDE LICENSE REVOCATION AND A FINE.

GENERAL INFORMATION

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

2. Main Office License #

3. List all "doing business as"(DBA) or "trade names" in which business is conducted:
If the Company does not have any trade names or DBAs, check the box as not applicable

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

Name and title:

Address:

Telephone number:

Facsimile number:

E-mail address:

5. a) Provide the principal office physical address:

Street: _____

City & State: _____

Zip Code: _____

Facsimile number: _____

E-mail address: _____

Website Address: _____

b) Provide the mailing address if different than (a) above, check the box if not applicable :

c) Provide the address where the residential mortgage books and records are maintained if different than (a) above, check the box if not applicable :

d) Provide the address where the accounting records are maintained if different than (a) above, check the box if not applicable :

e) If your loan files are imaged explain the type of software system used and how it can be accessed either at your licensed location or from the offices of the State. If your company does not image loan documents, check the box as not applicable

6. List the name, title and responsibilities of all officers, principals, partners, owners, directors and 10% or greater stockholders of the Licensee.

USE ATTACHMENTS TAB "GENERAL INFO – SCHEDULE A"

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

<u>Type of Company</u>	<u>YES</u>	<u>NO</u>
Title Company	<input type="checkbox"/>	<input type="checkbox"/>
Appraisal Company	<input type="checkbox"/>	<input type="checkbox"/>
Appraisal Management Company	<input type="checkbox"/>	<input type="checkbox"/>
Real Estate Company	<input type="checkbox"/>	<input type="checkbox"/>
Credit Reporting Company	<input type="checkbox"/>	<input type="checkbox"/>
Credit Counseling Company	<input type="checkbox"/>	<input type="checkbox"/>
Credit Service Company	<input type="checkbox"/>	<input type="checkbox"/>
Insurance Company	<input type="checkbox"/>	<input type="checkbox"/>
Securities Company	<input type="checkbox"/>	<input type="checkbox"/>
Builder	<input type="checkbox"/>	<input type="checkbox"/>
Home Improvement Contractor	<input type="checkbox"/>	<input type="checkbox"/>
Real Estate Developer	<input type="checkbox"/>	<input type="checkbox"/>
Escrow Company	<input type="checkbox"/>	<input type="checkbox"/>
Underwriting or Processing Company	<input type="checkbox"/>	<input type="checkbox"/>
Servicing or Sub-Servicing Company	<input type="checkbox"/>	<input type="checkbox"/>
Telemarketing Company	<input type="checkbox"/>	<input type="checkbox"/>
Bi-Weekly or Amortization Reduction Company	<input type="checkbox"/>	<input type="checkbox"/>
Notary Service or Signing Service Company	<input type="checkbox"/>	<input type="checkbox"/>
Any other settlement service provider	<input type="checkbox"/>	<input type="checkbox"/>

If YES to any of the companies, complete attached Schedule B.

USE ATTACHMENTS TAB "GENERAL INFO – SCHEDULE B"

TYPE OF BUSINESS

8. a) Indicate the type(s) of residential mortgage business in which the Licensee is engaged:

- First Mortgage Brokering
- Table Funding First Liens
- Secondary/Junior Mortgage Brokering
- Table Funding Secondary/Junior Liens
- First Mortgage Non-delegated Correspondent Lending
- Secondary/Junior Non-delegated Correspondent Lending
- Negotiating Short Sale Transactions for a Fee
- Assisting Consumers with Loan Modifications for a Fee
- Other:

b) TOTAL WASHINGTON LOANS/TRANSACTIONS CLOSED BY FUNDING TYPE

	YEAR TO DATE (even if early in year)		PREVIOUS CALENDAR YEAR	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Brokered Loans				
Table Funded Loans				
Correspondent loans made by licensee				
Short Sales				
Loan Modifications				
TOTALS				

9. Is any business other than residential mortgage business conducted at the Licensee's office locations? Yes No

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

10. During the past three (3) years, has the Licensee had consumers sign a security agreement or a promissory note for residential mortgage loans, prior to all conditions being satisfied to fund the loan, a practice often referred to as conditional or accommodation closings?

- Yes No

ORIGINATION

11. What was the Licensee's main source of business during the past three (3) years?

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

12. Has the Licensee received monies, prior to loan closings, from consumers during the past three (3) years? Yes No

If YES, state the types of fees and how the fees are handled: include types of accounts funds are held in and, where appropriate, include the details of the process used.

13. Has the Licensee been requested or required to repurchase any mortgage loan, pay a settlement in lieu of repurchasing the mortgage loan, or repay compensation to the lender/investor within the past three (3) years? (Washington State loans) Yes No

If YES, provide details.

CIVIL, CRIMINAL, AND ADMINISTRATIVE ACTIONS

14. a) Has the Licensee or any officer, principal, partner, owner, director or employee been denied a license/registration or approval by any state or federal governmental agency to engage in any regulated activity within the past three (3) years? Yes No

If YES, provide details and copies of applicable documentation.

b) Has the Licensee been the subject of material litigation or any litigation related to consumer protection issues? Yes No

If YES, provide details.

15. Has the Licensee or any officer, principal, partner, owner, director or employee had a license/registration, to engage in any regulated activity, suspended or revoked or otherwise restricted by any state or federal governmental agency within the past three (3) years?

- Yes No

If YES, provide details and copies of applicable documentation.

16. a) Has the Licensee or any officer, principal, partner, owner, director or employee been the subject of any administrative action by any state or federal governmental or regulatory agency within the past three (3) years?

Yes No

b) Has any such administrative action resulted in the payment of fines or penalties?

Yes No

c) Has any such administrative action resulted in required consumer refunds?

Yes No

If YES to any of the above, provide details and copies of applicable documentation.

d) Is the Licensee currently under investigation or litigating with either another state or federal government? Yes No

If YES, by whom?

17. a) Has the Licensee or any officer, principal, partner, owner, director or employee been a defendant or been indicted in any criminal or civil litigation during the past three (3) years?

Yes No

b) Has there been a conviction or judgment that has resulted from the litigation referenced in paragraph 25(a)? Yes No

Check the box if not applicable

If YES to either of the above, provide details and copies of applicable documentation.

18. Has any officer, principal, partner, owner, director or employee criminally misused, embezzled, absconded with or willfully misapplied any funds or valuables for which the Licensee was responsible during the past three (3) years? Yes No

If YES, provide details and copies of applicable documentation.

19. Has the Licensee had a claim filed against its surety bond, letter of credit, or other similar instrument during the past three (3) years? Yes No

If YES, provide details and copies of applicable documentation.

FINANCIAL INFORMATION

20. When does the Licensee's fiscal year end?

21. How frequently are financial statements prepared?

22. Is the Licensee currently delinquent (more than 90 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.

23. Is the Licensee, on its own behalf, or any officer, principal, partner, owner, director or employee, on the Licensee's behalf, contingently liable to a bank, finance company, factor or other as endorser, guarantor, or otherwise? Yes No

If YES, provide details.

TRUST ACCOUNTING

24. Does the Company or its loan originators collect payments from consumers for credit reports, appraisals, or any other third-party fees? Yes No

If YES, provide the trust account information.

- Bank Name
- Bank/Branch Address
- Account Number
- Is the account interest bearing

25. Does the Licensee pass through the cost of the credit reports to the consumer?

Yes No

If YES; and the Licensee answered 'NO' to question 25 above, provide an explanation how the credit report fee is paid to the third-party.

26. Does the Licensee pass through the cost of the appraisal to the consumer?

Yes No

If YES; and the Licensee answered 'NO' to question 25 above, provide an explanation how the appraisal report fee is paid to the third-party.

27. Do any loan originators hold third-party fees or maintain a trust account? Yes No

ADDITIONAL INFORMATION

LOAN ORIGINATORS (Washington State)

A. Attach a list of all loan originators employed in the last 24 months. The list should include the following information (in excel spreadsheet format):

- Last name
- First name
- Date Employed
- License Number
- Date of most recent continuing education certificate
- License renewal date
- Office or branch location where employed
- Office dba, if applicable
- Office NMLS number
- W-2 or 1099 employee
- All Web sites associated with MLO
- Date terminated, if applicable

USE ATTACHMENTS TAB “ADDITIONAL INFO C – ORIGINATORS”

PERSONNEL NOT ISSUED W-2 FORMS (Washington only)

B. If any person or entity acts as a loan counselor, loan consultant, loan originator, loan processor, or notary on behalf of the Licensee and is not issued a W-2 statement by the Licensee, provide name(s), services provided and contact information.

If all employees are W-2 and there are no 1099 employees, check the box as not applicable

USE ATTACHMENTS TAB “ADDITIONAL INFO D – 1099 EMPLOY”

FINANCIAL

C. Provide the Licensee's latest year-end financial statements, **if they have not been uploaded to NMLS.**

The Licensee's most recent financial statement, **if it has not been uploaded to NMLS,**

USE ATTACHMENTS TAB “ADDITIONAL INFO G – FINANCIALS”

ORIGINATIONS

D. A listing of all Washington (consumer or property) residential mortgage loan applications taken during the period of examination (dates provided in second paragraph of entry letter). The list should include the following information (in excel spreadsheet format):

- Borrower last name
- Borrower first name
- Loan number
- Property address
- City
- State
- Zip Code
- Loan Type (Fixed or type of ARM)
- Lien Position (First or Second)
- Application date
- Settlement date
- Annual Percentage Rate (APR)
- Note Rate
- Fico scores (Borrower and Co-Borrower middle credit score)
- Loan amount;
- LTV
- CLTV
- Status of the loan (open, funded, withdrawn, denied, cancelled, or rescinded);
- Purpose of loan (refinance, purchase or other);
- Loan program (Conventional, FHA, VA, etc.);
- Total HUD-1 line 801 fees or total of Section A of the Closing Disclosure
- Total discount points (HUD-1 line 802)
- Total Credits (HUD-1 line 802)
- Total compensation to broker on HUD-1 or Closing Disclosure
- Originator First Name
- Originator Last Name
- Mortgage Loan Originator License Number
- Whether or not credit life, credit disability, or other insurance products were sold in connection with the transaction
- Originating Branch NMLS Number

USE ATTACHMENTS TAB "ADDITIONAL INFO P – LOAN APPS"

COMPLAINT HISTORY

E. Provide a list of Washington complaints filed during the examination period (dates provided in second paragraph of entry letter). The list should include the following information (in excel spreadsheet format):

- Name (Last, First)
- Loan number
- Complaint number
- Address
- Telephone number
- Type of loan
- Summary of Complaint and Response
- Complaint Resolution
- Is complaint open or closed
- Branch number

USE ATTACHMENTS TAB “ADDITIONAL INFO T – COMPLAINTS”

REGULATORY/COMPLIANCE

F. The most recent examination reports from any governmental agency(ies) or entity(ies) for which the Licensee originates loans. If the Company has not been audited by any other agency or entity, check the box as not applicable

MISCELLANEOUS

G. Provide a list of the most recent loan compliance or quality control report prepared either internally or externally. If no quality control reports have been prepared, check the box as not applicable

H. Provide a list, including addresses, of all other locations where the Licensee conducts residential mortgage business.

I. Provide a statement describing pending litigation. If you have no pending litigations against your company, check the box as not applicable

- 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.

J. Copies of all Washington State residential mortgage loan advertising done by licensee during the period of examination (as specified in second paragraph of entry letter). Include any Marketing Service Agreements (MSAs).

K. An organizational chart detailing ownership and affiliate relationships of the licensed entity. Also include an organization chart of any related entities organized through the parent that conduct residential mortgage loan activity.

- L. Policies and procedures that demonstrate you exercise reasonable care, such as reviewing loan files prior to closing.
- M. Copy of each branch offices Written Supervisory Plan.
- N. Provide your most recent Red Flags Policy also known as Identity Theft Prevention Program.
- O. Provide a copy of your Bank Secrecy Act/Anti-Money Laundering procedures and policies.
- P. Disaster Recovery Plan, also known as the Business Resumption Plan
- Q. Compensation Plans
 - Provide the most recent signed compensation plan for each Branch Manager and Loan Originator sponsored by the Company to conduct business in Washington State. Include all addendums
 - Provide the most recent signed compensation agreements between the Licensee and broker. Include all addendums.
- R. Provide a copy of any vendor oversight plan

SHORT SALES TRANSACTIONS (Washington only)

- S. Provide your short sale negotiation fee schedule
- T. List the total number of short sale transactions negotiated last calendar year and year to date
- U. List the total amount of short sale fees collected last calendar year and year to date
- V. What instruction do you provide to the settlement agent?
 - How is the short sale fee disclosed on the HUD-1?
 - Which party pays the short sale fee?
- W. What type of documentation do you retain for short sale negotiation transactions?
- X. Do you contract with any third-parties for short sale negotiations (e.g. settlement agents, etc.)?

INFORMATION SECURITY

The Department is concerned with the security of consumer information. Not maintaining confidentiality, integrity, and availability of information can result in direct harm to consumers and operational and reputational risk for businesses. In order to facilitate the Company's on-going education in information security, the Department provides various information security related resources on its website: <http://dfi.wa.gov/mortgage-brokers/examinations>

Please answer the following questions regarding your Company'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 your company? Is this software installed on all computer devices used by the company, 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

_____,
(Name of Authorized Representative) certifies that he/she is

_____ 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)