

Real Estate Mortgage Lending Questionnaire

Yes No

GENERAL QUESTIONNAIRE

Real Estate Loan Policies

1. Has the board of directors adopted written real estate loan policies that define:
 - Geographic lending areas? Yes No
 - Acceptable types of properties? Yes No
 - Lending authority of committees and individual officers? Yes No
 - Minimum credit and financial information required for borrowers of specific types of mortgage loans? Yes No
 - Minimum appraisal standards for real estate mortgage loans? Yes No
 - Maximum advance as a percentage of appraised value or purchase price? Yes No
 - Minimum required income documentation and maximum debt-to-income ratios for qualifying borrowers? Yes No
 - Maximum loan maturities? Yes No
 - Sound review standards for real estate loan applications that require the underwriting analysis/decision be documented? Yes No
 - Minimum standards for loan documentation? Yes No
 - Limitations on the number or amount of loans involving any individual borrower or contractor? Yes No
 - Limitations on the number, type, or amount of loans purchased or sold by the institution? Yes No
 - Minimum standards for qualification of borrowers for various loan products (ARMs, Teaser Rate, etc.)? Yes No

2. Are loan underwriting standards reviewed at least annually to determine if they are compatible with changing market conditions? Yes No

3. Does the institution have written collection policies and procedures that are approved by the board of directors? Yes No

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|----|---|--------------------------|--------------------------|
| 4. | Does the institution have a written schedule of fees, rates, terms, and collateral requirements for all new loan? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Does the institution make option-ARM or negatively amortizing loans? | <input type="checkbox"/> | <input type="checkbox"/> |

Appraisal Practices

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|-----|--|--------------------------|--------------------------|
| 1. | Has the board of directors: | | |
| | • Adopted an appraisal policy? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Developed written hiring policies for appraisers? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Developed a review system for appraisers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Has the board of directors adopted a current approved appraiser list and are appraisers approved before they are used? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Are current agreements of sale, option, or listing information made available to appraisers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Are appraiser's fees based upon a set fee and not the granting of the loan or the appraised value of the property? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | If staff appraisers are used, does the institution periodically have test appraisals made by independent appraisers in order to check the accuracy of appraisal reports? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | If appraisers who are not employees of the institution are used, does the institution adequately investigate their report quality, reputation, and qualifications? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Do loan approval and appraisal functions maintain adequate independence internally? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Does the institution not use borrower-supplied appraisal reports? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Are appraisal review personnel identified and given specific guidelines to determine the adequacy of the appraisal? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Are appraisers paid the same amount whether or not the loan is granted? | <input type="checkbox"/> | <input type="checkbox"/> |

Collateral

- | | | | |
|----|--|--------------------------|--------------------------|
| 1. | Does the institution have a sound policy of cross-collateralizing security properties for major borrowers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Are loan advances supported by written evidence or reinspection of property? | <input type="checkbox"/> | <input type="checkbox"/> |

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| 3. If supplemental collateral is held on loans, is it secured and a record of its status maintained? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is written acknowledgment obtained from the borrower for the pledging of savings accounts or the assignment of life insurance policies? | <input type="checkbox"/> | <input type="checkbox"/> |

Loan Documentation

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|--|--------------------------|--------------------------|
| 1. Do the institution's loan documentation policies and procedures comply with 12 CFR § 560.170? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the institution verify each applicant's income, employment, and financial condition prior to loan commitment? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the institution originate or acquire "stated income," low doc or "NINJA" loans? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are procedures in effect to ensure compliance with the requirements of government agencies insuring or guaranteeing the loans? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has a system for maintaining adequate loan document files been established including: | | |
| • A check sheet to assure that required documents are received and on file? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Inspection performed by internal loan review personnel? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are procedures in effect to protect loan documents from theft, damage, or inappropriate release? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Are collateral releases executed only after required payments have been cleared? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Are lien releases approved reviewed by an officer or officers based on the size of the loan? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Are all real estate loan commitments issued in written form? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are approvals of real estate advances reviewed, before disbursement, to determine that such advances do not increase the borrower's total liability to an amount in excess of the institution's loan commitment or legal lending limit? | <input type="checkbox"/> | <input type="checkbox"/> |

Loan Interest and Commitment Fees

- | | | |
|---|--------------------------|--------------------------|
| 1. Is the preparation of interest earned or loan fees subsidiary journals reviewed by personnel who do not issue checks or handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|

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- | | Yes | No |
|---|--------------------------|--------------------------|
| 2. Are interest and fee computations made and tested by persons who do not also issue checks/drafts or handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does the institution properly account for deferred and earned loan fees? | <input type="checkbox"/> | <input type="checkbox"/> |

Recordkeeping

- | | | |
|--|--------------------------|--------------------------|
| 1. Is the preparation and posting of subsidiary loan records performed or reviewed by persons who do not also issue official checks/drafts or handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are the subsidiary loan records reconciled daily with the appropriate general ledger accounts and are reconciling items investigated by persons who do not also issue official checks/drafts or handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are delinquent account collection requests and past-due notices checked to the trial balances used in reconciling loan subsidiary records to general ledger accounts and are they handled by persons who do not also issue official checks/drafts or handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are detailed statements of account balances and activity mailed to mortgagors at least annually? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are inquiries about loan balances received and investigated by persons who do not also handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are documents supporting recorded credit adjustments checked or tested by persons who do not also handle cash? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is a daily record maintained summarizing loans made, payments received, and interest collected to support applicable general ledger accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Are note and liability ledger trial balances prepared and reconciled to controlling accounts by employees who do not process or record loan transactions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Are records and files for serviced loans segregated and identifiable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Is an overdue accounts report generated on a timely basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Are loan officers prohibited from processing loan payments? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Are loan payments received by mail recorded upon receipt independently before being sent to and processed by a note teller? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Are advance loan payments adequately controlled if they are not immediately credited to the loan account? | <input type="checkbox"/> | <input type="checkbox"/> |

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Insurance and Escrow

1. Does the institution require escrows for taxes and insurance, and include such payments when qualifying borrowers?
2. Does the institution have a mortgage blanket hazard insurance policy?
3. Is there an effective, formalized system for determining whether insurance premiums are current on collateral properties?
4. Does the institution require that insurance policies include a loss payable clause to the institution?
5. Are disbursements for taxes and insurance supported by records showing the nature and purpose of the disbursements?
6. If advance deposits for taxes and insurance are not required, does the institution have an effective system for determining whether taxes and insurance have been paid?

Subprime Lending

1. Does the institution have a subprime lending program?
If so:
 - Does the institution track performance of subprime loans based on product type, combined LTV, credit score, documentation, and originating officer/office, or broker?
 - Does the institution use the same underwriting standards for sold or held-for-sale loans as it does for its portfolio loans?
 - Does the institution sell loans without any form of implicit or explicit recourse?
 - Are representations and warranties standard and limited to 120 days?
 - Where repurchase obligations are significant, does the institution maintain adequate reserve accounts for such contingencies?
 - Has the institution had to repurchase a significant amount of sold loans?

