

RESCINDED

Leasing Activities

Questionnaire

Replaced by Comptroller's Handbook - Lease Financing

Yes No

GENERAL QUESTIONNAIRE

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?
 - Credit and accounting analysis?
 - Tax considerations for both lessees and lessors?
 - Collection and lease service record keeping?
2. Does the institution's board of directors review and approve these objectives, policies, procedures, and controls?
3. Has the board set limits for the leasing activity?
4. Does the board receive periodic reports on the performance and quality of the leasing portfolio?
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.)
6. Does the institution have adequate expertise in the individual leasing areas?
7. Does the institution refrain from undue reliance upon broker/seller/servicers to answer questions on lease pools?
8. Are seller/servicers making payments on lease pools, potentially masking problems?
9. Does the institution retain written documentation of initial underwriting and ongoing analysis?
10. Are lease financing and general leasing identified separately and distinctly, with accounting and tax criteria clearly identified?
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.)
12. Does the institution have proper controls for the maintenance of leasing records?

Exam Date: _____

Prepared By: _____

Reviewed By: _____

Docket #: _____

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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 CAZ?	<input type="checkbox"/>	<input type="checkbox"/>
18. Does the institution appropriately 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 of 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"/>

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Yes No

COMMENTS

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