

## **SECONDARY MORTGAGE BROKER/LENDER OFFICER/MANAGER QUESTIONNAIRE**

This questionnaire is to be completed by either an officer or a manager of the licensee/registrant. The information provided in this report is considered confidential as it is intended for use during the examination/investigation of licensee's/registrant's secondary lien activity, conducted under the Secondary Mortgage Loan Act (SMLA), and/or the Consumer Financial Services Act (CFSA). Please attach additional pages as necessary.

- 1) Has licensee/registrant been involved in any litigation or judgments in the last two years? If yes, attach a description of each case.  Yes  No
- 2) Does licensee/registrant have any affiliated companies? If yes, attach a list and describe the affiliation.  Yes  No
- 3) Is licensee/registrant approved with any of the following: (If yes, check all that apply.)  Yes  No  
 FHA  VA  FNMA  FHLMC  GNMA
- 4) In the last two years, has licensee/registrant made or brokered any secondary lien Michigan mortgage loans that are considered high cost or higher priced mortgage loans, pursuant to Regulation Z? If yes, provide a list.  Yes  No
- 5) In the last two years, has licensee/registrant brokered, made, or serviced any secondary lien mortgages secured by Michigan property? If yes, indicate the type of activity.  Yes  No  
 broker  lender  servicer
- 6) Do other companies or independent contractors broker secondary lien Michigan mortgage loans to licensee/registrant? If yes, attach a list of these companies/individuals.  Yes  No
- 7) Does licensee/registrant have a warehousing line(s) of credit or other forms of credit for funding secondary lien Michigan mortgage loans? If yes, attach a copy of the agreement(s) and a report of all mortgage loans funded on the warehouse line, including the length of time each loan was pledged as security on the line, for the past 12 months.  Yes  No
- 8) In the last two years, has licensee/registrant serviced any secondary lien Michigan mortgage loans? If yes, provide a list of the loan(s) serviced.  Yes  No
- 9) Does licensee/registrant impose a minimum mortgage loan amount  Yes  No

greater than \$10,000 or a minimum home improvement loans amount greater than \$1,000 for secondary mortgage loans secured by Michigan property? If yes, explain and identify any minimum imposed: \_\_\_\_\_

- 10) Does licensee/registrant maintain policies concerning its criteria for approval or denial of a secondary lien Michigan mortgage loan? If yes, provide a copy.  Yes  No
- 11) Is licensee/registrant currently delinquent (more than 60 days past due) on any account owed to a vendor, such as an appraiser or credit reporting agency? If yes, explain.  Yes  No
- 12) In the last two years, has licensee/registrant had any branch offices? If yes, attach a list identifying the location, dates opened or closed, and whether the branch originates secondary lien Michigan mortgage loans.  Yes  No
- 13) Does licensee/registrant operate any other businesses at the business location(s) other than mortgage activity? If yes, explain.  Yes  No
- 14) Do title agencies conduct all secondary lien Michigan mortgage loan closings? If no, explain.  Yes  No
- 15) In the last two years, has any investor terminated any business agreement with licensee/registrant for reasons other than insufficient volume? If yes, explain.  Yes  No
- 16) In the last two years, has licensee/registrant made or brokered any secondary lien Michigan mortgage loans, which defaulted in the first year? If yes, explain.  Yes  No
- 17) In the last two years, has any regulatory action been taken against any license/registration held by the licensee/registrant or its principals? If yes, explain.  Yes  No
- 18) In the last two years, has licensee/registrant had an audit of its books and records, either financial or regulatory in nature, which includes any examinations by other state or federal regulators? If yes, provide copies of the reports.  Yes  No
- 19) Has licensee/registrant performed any quality control reviews, either internally or externally? If yes, for the last two reviews provide the date the review was conducted, a copy of the report, and a description of any action taken as a result of the findings.  Yes  No
- 20) Does the licensee/registrant have a written information security program to protect customer information? If yes, provide a copy.  Yes  No

- 21) Does the licensee/registrant believe that its disposal practices will reasonably protect against unauthorized access to or use of the information? Provide a description of current disposal practices or procedures.  Yes  No
- 22) Does the licensee/registrant, as part of its information security program, do the following:
- a. Designate one or more employees to coordinate the safeguarding of consumer information?  Yes  No
  - b. Identify and assess the risk to customer information in each relevant area of the licensee/registrant's operation and evaluate the effectiveness of the current safeguards for controlling these risks?  Yes  No
  - c. Implement safeguards to control the risks identified and regularly monitor or test their effectiveness?  Yes  No
  - d. Select service providers that maintain appropriate safeguards for customer information?  Yes  No
  - e. Evaluate and adjust the program in light of relevant circumstances, including changes in the licensee/registrant's business arrangements or operations, or the results of testing or monitoring safeguards?  Yes  No
- 23) Does the risk assessment in the information security program include consideration of risks in the following areas:
- a. Employee training and management?  Yes  No
  - b. Storage, disposal, and transmission of electronic information?  Yes  No
  - c. Storage and disposal of hard-copy documents and information?  Yes  No
  - d. Managing system failures?  Yes  No
- 24) Does the licensee/registrant have a policy or procedure to determine that a consumer report relates to the consumer for which it was requested when a notification of address discrepancy is provided by the credit reporting agency? If yes, provide a copy.  Yes  No
- 25) Does the licensee/registrant have a written Anti-Money Laundering program? If yes, please provide a copy.  Yes  No
- a. Does the program incorporate policies, procedures, and internal controls based upon the company's assessment of the money laundering and terrorist financing risks including provisions for complying with subchapter II of chapter 53 of title 31?  Yes  No
  - b. Designate a compliance officer who is responsible for implementation, monitoring, updating, and education of appropriate employees?  Yes  No
  - c. Provide on-going training of appropriate persons concerning responsibilities under the program? If so, please provide evidence of training.  Yes  No
  - d. Provide for independent testing to monitor and maintain an adequate  Yes  No

program including testing to determine compliance of the company's agents and brokers with their obligations under the program? If yes, please provide a copy of the last independent test results.

- 26) Does the licensee/registrant have a written Identity Theft Prevention Program? If yes, provide a copy.  Yes  No
- a. Is there a periodic risk assessment?  Yes  No
- b. Does the program identify, detect, and respond to red flags?  Yes  No
- c. Is the program updated periodically?  Yes  No
- d. Does the program include management oversight, staff training, and appropriate oversight of service providers?  Yes  No
- 27) Does licensee/registrant maintain copies of all creditor/broker compensation agreements? Provide copies of all agreements relevant to secondary lien Michigan mortgage loans for the last 12 months.  Yes  No
- 28) Does licensee/registrant have written compensation agreements with its loan originators that are employees/agents? Provide copies of all agreements relevant to secondary lien Michigan mortgage loans for the last 12 months.  Yes  No
- 29) Does licensee/registrant have any contracts with outside vendors for services such as processing, underwriting, closing, quality control, or disposal services? If yes, provide copies of the contract(s) covering the last 12 months.  Yes  No
- 30) State licensee's/registrant's fiscal year-end:

Provide the following:

- 31) A list of all licensee/registrant's bank accounts for the last 12 months. Include account numbers and describe what each account is used for.
- 32) Bank account statements for the last 6 months and corresponding reconciliation for each current bank account.
- 33) The check registers or ledgers for 12 months on all bank accounts.
- 34) The most recent general ledger trial balance, balance sheet and income statement for licensee/registrant.
- 35) Payroll records, including transaction-specific compensation detail, for loans identified by the Examiner for review

- 36) A list, preferably in Excel, of all secondary lien Michigan mortgage loan applications received in the last 24 months. Include the following fields:
  - a. Loan originator name
  - b. Loan originator NMLSR ID#
  - c. Processor name
  - d. Processing entity
  - e. Applicant name
  - f. Loan number
  - g. Application date
  - h. Date closed (if applicable)
  - i. Status of application (closed, withdrawn, denied, in process, or rescinded)
  - j. Property address (including street address and city)
  - k. Property type (primary residence, secondary residence, investment)
  - l. Loan amount
  - m. Rate type (fixed, adjustable)
  - n. Secondary loan purpose (purchase, refinance)
  - o. Loan program (conventional, FHA, VA, HELOC, etc.)
  - p. Branch office (if applicable)
  - q. Lender of record, the entity to whom the note was initially payable
  - r. Funder (if different than lender of record)
  - s. Broker of record (if loan was brokered to lender)
  - t. Compensation source for fixed rate second mortgages (lender paid/borrower paid)
- 37) A list of all secondary lien Michigan mortgage loans, which have been rescinded, pursuant to Regulation Z within the last 24 months.
- 38) A list of all lenders or investors to which secondary lien Michigan mortgage loans were brokered or sold in the last 24 months. Identify which companies close the loans under their name.
- 39) A copy of the correspondent agreement(s) with the top five investors and brokers used in connection with secondary lien activity.
- 40) A list of all current and past employees/agents (including branch office employees/agents) for the last 24 months, including job titles, date hired, date terminated, and the reason for leaving if they are no longer employees/agents.
- 41) A job description for each job classification.
- 42) Copies of all W-2 or 1099 statements issued during the last two years.
- 43) Copies of all policies and procedures established, including but not limited to:
  - a. The practice for reimbursing the borrower for any tolerance violations
  - b. Mortgage loan origination
  - c. Mortgage loan processing
  - d. Mortgage loan underwriting

- e. Mortgage loan closing
  - f. Post-closing
  - g. Ability-to-Repay
  - h. E-Sign Act
  - i. Fees charged in connection with secondary lien mortgage loans
  - j. Approval or denial of a secondary lien mortgage loan
  - k. Document retention for secondary lien mortgage loans
  - l. Marketing/Advertising of secondary lien mortgage loans
- 44) A list of licensee/registrant’s officers, directors, and shareholders, if a corporation; members, if a limited liability company; or partners, if a partnership. Include percentage of ownership.
- 45) Copies of corporate records – board minutes, corporate resolutions, etc. (or equivalent if other form of entity)
- 46) Name, address and phone number of licensee/registrant’s legal counsel.
- 47) Copies of all secondary lien mortgage loan advertising licensee/registrant has done in Michigan within the last 24 months. If applicable, provide copies of all marketing materials, including but not limited to, print materials (print ads, brochures, direct mailings, flyers, etc.), radio or television transcripts, telemarketing scripts, internet screen shots, email solicitations, social media cite ads and any instructions on oral solicitations by sales staff. Include the date and venue for publication or use of each item. If employees/agents advertised loan origination services related to secondary lien Michigan mortgage loans, provide copies, as well.
- 48) All licensee/registrant’s website addresses.
- 49) Organizational chart(s)
- 50) Indicate office hours and days office is open, including Saturdays, if applicable. If branch offices have different hours please list those, as well.

I certify that all information, provided in response to this questionnaire, is true and correct to the best of my knowledge.

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Signature Title Date

Printed Name Printed Title

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Name of Licensee/Registrant