

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

COMMUNITY REINVESTMENT ACT - CRA (REG BB)

1. Has the bank delineated one (1) or more assessment areas within which to evaluate its record of helping to meet the credit needs of its community?

2. Does the delineated assessment area do the following:

- A. Consist only of whole geographies?
- B. Not reflect illegal discrimination?
- C. Not arbitrarily exclude low or moderate income geographies?
- D. Not exceed substantially beyond a CMSA boundary?

3. Does the bank collect the following data on small business and small farms?

- A. Loan amount at origination?
- B. Loan location?

Whether the loan was to a business or farm with gross annual revenue of \$1 million or less?

4. Does the bank report the following data annually by March 1?

- A. Small business and small farm data?
 - 1. With origination of \$100,000 or less?
 - 2. With origination of more than \$100,000 but less than \$250,000? and
 - 3. To businesses and farms with gross revenue of \$1 million or less?
- B. Community development loan data?
- C. Home mortgage loans?
- D. Optional data?
 - 1. Consumer loans?
 - 2. Other loan data?

5. Does the bank maintain a public comment file at the Main office and at each branch?

6. Does the public comment file contain the following

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

required items?

- A. All written comments received from the public for the current year and each of the prior two (2) calendar years that specifically relate to the bank's performance in helping meet the credit needs, and any response to the comments by the bank?
- B. A copy of the public section of the most recent CRA Performance Evaluation issued by the bank's regulatory agency?
- C. A list of the bank's branches, their street addresses and their geographies?
- D. D. A list of branches opened and closed during the current year and each of the prior two (2) calendar years, their street addresses and geographies?
- E. A list of services generally offered at the bank's branches and descriptions of material differences in the availability or cost of services at particular branches, if any?
- F. A map of each assessment area showing the boundaries of the area and identifying the geographies contained within the area, either on the map or in a separate list?
- G. Any other information the bank chooses?
- H. A copy of the HMDA Disclosure Statement provided by the Federal Financial Institutions Examination Council (FFIEC) pertaining to the bank for each of the prior two (2) calendar years?

NOTE:

FOR BANKS OTHER THAN SMALL BANKS:

If the bank has elected to have one (1) or more categories of its consumer loans considered under the lending test, for each of these categories, the bank must be able to have available the number and amount of the loan broken out as to the following:

- A. Loans to Low, moderate, middle and upper-income individuals:
- B. Loans located in low, moderate, middle and upper-income census tracts: and
- C. Loans located inside the bank's assessment

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

area(s) and outside the bank's assessment area(s)

FOR SMALL BANKS:

A. The bank's loan-to-deposit ratio for each quarter of the prior calendar year end, at its option, additional data on its loan-to-deposit ratio: and

B. Items 6A-6H above.

7. Does the bank post the required CRA notice in the lobby of the Main office and each branch?

CUSTOMER COMPLAINTS

1. Were the complaints resolved correctly and within the established response time period?

A. If not:

1. Is there documentation to support the delayed response?

2. Was the delayed response time justified?

2. Were the resolution letters addressed directly to the complainant and not the regulatory agency?

A. If not, is there documentation to support the reason for addressing the regulatory agency directly?

3. Does the department maintain a customer complaint log to ensure complaints are addressed in a timely manner ?

A. If not, how does the department ensure that complaints are resolved with accurate and timely resolution?

4. For complaints not registered through the regulatory agency, does the bank have a documented "response time" guideline to have the customer complaint resolved?

ELECTRONIC FUNDS TRANSFER ACT - EFT (REG E)

1. Do customer complaints logged with the bank comply with the requirements of Regulation E?

2. If the customer is reimbursed for a loss due to an ATM transaction, does the bank automatically require the customer to complete an ATM Card Affidavit?

3. Has the bank preserved evidence of compliance with the requirements of the Act for a period of two (2) years (or longer, if required)?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

4. Does the bank issue EFT access devices to consumers only in response to one (1) of the following circumstances?

A. To a request or application?

B. As a renewal or substitute for an accepted access device?

5. Does the bank verify the consumer's identity by reasonable means?

6. Does the bank obtain written authorizations from consumers requesting pre-authorized EFTs?

7. Does the bank limit the consumer's liability for unauthorized EFTs to the lesser of \$50 or the amount of the unauthorized transaction that occurred before notice to the bank unless the following occurred?

A. The consumer fails to notify the bank within two (2) business days after learning of the loss or theft of the access device, in which case the consumer's liability cannot exceed \$500?

B. The consumer fails to report, within 60 days following the transmittal of the periodic statement, any unauthorized EFT appearing on the statement, in which case the consumer's liability is limited to only the amount of the unauthorized transaction?

8. Does the bank extend the time periods when a delay in notifying the bank was due to extenuating circumstances?

9. When a pre-authorized EFT from a consumer's account varies in amount from that of the pre-authorization amount, does the bank provide the consumer with a written notice of the amount and scheduled date of the EFT at least ten (10) days prior to the scheduled date?

10. If the bank requires to provide written confirmation of an oral notice of error within ten (10) business days, does the bank inform the consumer when the oral notice is received?

11. Does the bank allow consumers to allege errors after the account closes?

12. Does the bank conduct a thorough investigation of errors alleged by consumers and does it transmit any requested documentation?

13. Does the bank adhere to the time limits set by the regulation for resolving consumer EFT error disputes?

14. When investigation discloses that a bank error did occur,

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

does the bank correct the error within one (1) business day after its determination?

- A. Does the bank notify the consumer of its determination and, if applicable, that the provisional credit is final credit?

15. When investigation discloses that a bank error did occur, does the bank provide a written explanation of its findings, which includes a statement of the consumer's right to request documentation?

16. Does the bank retain evidence of compliance with Regulation E for at least two (2) years?

EQUAL CREDIT OPPORTUNITY ACT - ECOA (REG B)

1. Are the following items disclosed on the credit application?

- A. Individual or joint request?
- B. Purpose of the funds?
- C. Signatures of the applicants?
- D. Date of the application?
- E. Term of the loan?

2. If the loan request was to finance or re-finance the purchase of a dwelling to be used by the applicant as a principal residence where the credit extension will be secured by the dwelling was the following evident?

- A. Was the application in writing?
- B. Was the Government Monitoring Information completed by either by the applicant or the loan officer?

3. If the loan was denied or a counter-offer was made, did the bank mail the adverse action notice within the required 30 day time period?

- A. Was a notice mailed to all applicants?

4. Does the adverse action notice contain the following information?

- A. Date of the notice?
- B. Name, address and phone # of the creditor?
- C. Description of the transaction?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

D. Description of the action taken?

E. Name and address of the Federal
Regulatory Agency for the bank?

5. Does the bank retain all information related to an applicant for 25 months after notifying the applicant of action taken? (12 months for a business applicant.)

6. Does the bank's policy address signature requirements on promissory notes and security agreements?

A. Are non-applicant spouses required to execute promissory notes?

B. Are non-applicant spouses required to sign security agreements unless the collateral is jointly owned?

7. Does the bank use an approved credit application and adverse action notice?

8. When co-signers are required to support an extension of credit, is the choice of the co-signer left to the applicant?

9. When a Loan Officer requests information about the spouse of an applicant, is one (1) of the following true?

A. The spouse is permitted to use the account?

B. The spouse is contractually liable on the account?

C. The applicant is relying on the spouse's income as a basis for re-payment of the loan?

D. The applicant has voluntarily disclosed the reliance on alimony, child support or separate maintenance payments as a basis for re-payment of the loan?

10. Are applications accepted in any given name of the applicant?

11. If the applicant is relying on alimony, child support or separate maintenance payments as a basis for re-payment of the loan, does the bank consider this income in its credit evaluation?

12. Does the bank provide a copy of the appraisal to the applicant when the application for credit is secured by a lien on a dwelling?

EXPEDITED FUNDS AVAILABILITY ACT

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

(REG CC)

DATE OF DEPOSIT

1. Does the bank consider every day except Saturday, Sunday and Federal Holidays as a “business day”?
2. Does the bank consider as a “banking day” days upon which an office is open for substantially all of its business?
3. Does the bank have a cut-off time for receipt of deposits?
4. Does the bank comply with the following rules in determining when funds are considered to have been deposited?
 - A. Are deposits made over-the-counter considered received when made?
 - B. Are mail deposits considered received when they are received by the mail room of the bank?
 - C. Are deposits from a night depository considered received when the deposits are removed from the facility and are available for processing?
5. Does the bank consider deposits made on non-banking days to have been received no later than the next banking day?
6. When funds must be available on a given “business day”, does the bank make the funds available at the later of 9A.M. or at the time the bank tellers are available for account withdrawals?

REQUIRED NEXT-DAY AVAILABILITY

7. Does the bank make funds from the following types of deposits available for withdrawal no later than the first business day following the day of deposit?
 - A. Electronic payments?
 - A. U.S. Treasury checks deposited to the payee’s account?
 - B. “On Us” checks or checks drawn on and deposited in branches of the same banking the same state or check processing region?
8. Does the bank make funds from the following types of deposits available for withdrawal no later than the first business day following the day of deposit if the deposit is made in person to a bank employee, or no later than the second business day if the deposit is not made in person to a bank employee?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

- A. Cash deposits?
- B. U.S. Postal Service money orders deposited into the payee's account?
- C. Checks drawn on a FRB or FHLB deposited into the payee's account?
- D. Checks drawn by a State or Local Government unit and deposited in:
 - 1. An account held by the payee of the check?
 - 2. In a depository bank located in the same state as the governmental unit?
 - 3. An account held by the payee of the check and accompanied by a special deposit slip if required by the bank?
- E. Cashier's checks, certified checks and teller's checks deposited in an account held by the payee of the check?

9. Is the first \$100 of the customer's daily aggregate deposits of checks not subject to the next-day availability rules made available on the next business day?

LOCAL CHECKS

10. Are the funds from local checks generally available no later than the second business day after the day of deposit?

11. For Treasury checks and postal money orders that do not meet the criteria for next-day availability, does the bank make the funds available within the schedule for local checks?

NON-LOCAL CHECKS

12. Are funds from non-local checks generally available no later than five (5) business days after the day of deposit?

EXTENDED HOLDS: CASE-BY-CASE HOLDS

13. Does the bank specific availability policy disclosures indicate that case-by-case holds may be placed?

14. When case-by-case holds are placed, does the bank provide the customer with written notice of the hold?

15. Does the notice include the following information?

- A. The customer's account number?
- B. The date and amount of the deposit?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

C. The amount of the deposit being held?

C. The day the funds will be available for withdrawal?

16. Does the bank provide the notice at the time the deposit is made if the deposit is made to an employee of the bank?

17. If the notice is not given at the time of the deposit, does the bank mail or deliver the notice to the customer not later than the first business day after the day of deposit?

18. If the bank does not provide the notice at the time the deposit is made, does the bank refrain from charging the customer overdraft or return-check fees if the following is true?

- A. The overdraft or other fee would not have occurred if the deposited check had not been delayed?
- B. The deposited check was paid by the paying bank?

19. If the bank does not provide the notice at the time of deposit and charges overdraft fees, does the bank notify the customer of the right to a refund of such fees if the conditions are met and the customer requests a refund?

EXCEPTION-BASED HOLDS

20. When invoking an exception hold for other than new accounts, does the bank provide the customer with a notice which includes the following information?

- A. The customer's account number?
- B. The date and amount of the deposit?
- C. The amount of the deposit being held?
- D. The reason(s) the exception was invoked?
- E. The day the funds will be available for withdrawal?

21. Does the bank refrain from delaying funds availability beyond a reasonable time period?

EXCEPTIONS: NEW ACCOUNTS

22. Do bank disclosures accurately reflect the bank's practice for making deposited funds available for new accounts?

23. Are cash deposits made in person to a bank employee made available for withdrawal on the first business day

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

following the day of deposit?

24. Are EFTs into new accounts available for withdrawal on the next business day after the day the transfer is received?

25. Is the first \$5000 from any of the following check deposits available for withdrawal from a new account no later than the first business day after the day of deposit?

A. Treasury checks?

B. U.S. Postal money orders?

C. FRB or FHLB checks?

D. State or local government checks?

E. Traveler's checks?

26. Is the amount of any deposit exceeding \$5000 available for withdrawal no later than nine (9) business days following the day of deposit for new accounts?

LARGE DEPOSITS

27. Have guidelines been established identifying when to invoke a large-dollar exception?

28. If the bank invokes the large deposit rule, does it do so only to the portion of local and non-local check deposits which exceed \$5000 on any given banking day?

29. Does the bank refrain from invoking the exception on cash deposits?

30. Does the bank provide customers with a written notice of the longer delay?

A. Is the notice provided at the time of deposit when received in person by an employee of the bank, or is it mailed on or before the first business day after the bank learns of the facts giving rise to the exception?

REDEPOSITED CHECKS

31. Does the bank refrain from applying the redeposited exception to the following?

A. Checks which are returned due to a missing endorsement and are subsequently endorsed and redeposited?

B. Checks which were returned because they were post-dated, but are not post-dated when redeposited?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

32. Does the bank consider the day the check was redeposited to be the day of deposit when determining when the funds must be made available for withdrawal?

REASONABLE CAUSE TO DOUBT COLLECTABILITY

33. Have guidelines been established identifying under what circumstances and by whom can a reasonable cause exception be invoked?

34. Does the bank refrain from applying the reasonable cause exception to the following items?

- A. Treasury checks?
- B. U.S. Postal money orders?
- C. State and local government checks?
- D. "On Us" checks?

35. When the bank invokes a reasonable cause exception, does it provide the customer with a written notice of exception at the time the deposit was made, if the deposit was made in person to an employee of the bank?

36. If the deposit was not made in person to an employee of the bank, or if the hold was placed because of information learned subsequent to the receipt of the deposit, does the bank mail the exception notice to the customer?

37. Does the bank retain copies of reasonable cause exception notices, along with the facts which led to the hold, for a period of two (2) years?

38. Does the bank refrain from assessing a fee for any subsequent overdraft, return check or other unpaid charge if all of the following are met?

- A. The bank extended the availability period based on its belief that the check was uncollectable?
- B. The depositor was not provided with written notice at the time of deposit?
- C. The overdraft or return would not have occurred if the availability period had not been extended?
- D. The deposited check was paid by the paying bank?

39. Does the exception notice inform the customer where to direct a request for a refund of the overdraft fees?

TRAINING

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

40. Has the bank instituted training sessions for all customer contact and support personnel?

A. Is a record maintained of each training session?

FAIR CREDIT REPORTING ACT

1. If the bank uses a credit report from a credit reporting agency, is this fact disclosed when sending an adverse action notice? (This is applicable to credit and non-credit products as well as to employment.)

2. If the bank uses an other outside source, is this fact disclosed when sending an adverse action notice?

3. If the bank makes a counter-offer to the applicant's credit request and it is less favorable and is based on a credit report, does the bank provide a disclosure that such a report was used if the applicant rejects the counter-offer?

4. When credit is denied or its cost is increased, in whole or in part, as a result of information obtained from a credit reporting agency, does the bank perform the following?

A. Disclose the fact to the applicant?

B. Inform the applicant of the name, address and phone number of the credit reporting agency?

5. When credit is denied or its cost is increased, in whole or in part, as a result of information obtained from an other outside source, does the bank disclose the applicant's right to file a written request for the nature of the information within 60 days of learning of the adverse action?

6. Does the institution furnish the initial FCRA Privacy Disclosure prior to opening an account?

7. Does the institution furnish the FCRA Privacy Disclosure, at least annually, to all customers?

FAIR HOUSING ACT

1. Was the most recent HMDA/LAR completed accurately and completely?

A. Is it retained for 25 months?

2. Are procedures in effect to ensure that for home loan applications the following is obtained?

A. Date of application?

B. Name of the applicant?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

C. Address of residence?

D. Location of the property?

E. Sex of the applicant?

F. Race/National origin of the applicant?

G. Age of the applicant?

H. Marital status of the applicant?

3. Does the bank have an office in a Primary Metropolitan Statistical Area (PMSA) and have assets in excess of \$10 million as of the previous December 31?

A. If yes, does the bank request the following additional data from the applicant?

1. Loan type and disposition?

2. Employment data?

3. Income data?

4. Number of dependents?

5. Assets and liabilities?

6. Monthly payments on liabilities?

7. Characteristics of the loan property?

4. Does the bank prominently display the Equal Housing Lender poster in the public lobby of the bank where deposits are received or home loans are made?

5. Does the bank advertise real estate lending services?

FLOOD DISASTER PROTECTION ACT (REG H)

1. Does the loan file contain documentation to ensure that the bank determined whether the property was in an area identified as a flood zone area by FEMA?

2. For property located in a flood zone area, did the bank perform the following?

A. Give the borrower the Flood Zone Notification not less than ten (10) days before the loan closed, or at the time of commitment if there was less than ten (10) days between commitment and closing?

B. Note whether the property was in a participating or non-participating community?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

C. Require the borrower, prior to closing, to acknowledge that the property is in a special flood hazard area?

3. If the property is located in a special flood hazard area and is in a participating community, did the bank require the borrower to purchase flood insurance equal to at least the amount of the loan principal balance or the maximum coverage allowed by the Act, whichever is less?

4. For property located in a flood hazard area, does the bank have proof that the flood insurance is current?

A. Is the bank listed as mortgagee on the policy?

5. Does the bank use approved flood zone notifications?

6. Does the bank use flood maps, appraisals, surveys or other sources to determine if the property is located in a designated flood hazard area?

FLORIDA STATE STATUTES

1. For loans secured by real property was the borrower provided with the Anti-Coercion Notice at the time of application? Florida Administrative Code Chapter 4-3.002.

A. Did the bank retain a copy of the notice?

B. Did all the borrowers sign and date the notice?

C. Was the insurance information completed or noted as “to be completed at a later date” or similar verbiage?

D. If the insurance information was not known at the time of application and so noted, was another notice obtained no later than at closing?

2. For loans where the borrower purchased credit life or credit disability insurance did the borrower receive and initial the acknowledgment form? FSS 627.679.

A. Was the amount of insurance sold for one (1) loan in excess of \$30,000?

3. On obligations of \$500,000 or less, does the bank charge rates of interest that exceed the equivalent of 18% per annum simple interest on any loan, advance of money or line of credit? FSS 687.

HOME MORTGAGE DISCLOSURE ACT – HMDA
(REG C)

1. Are procedures in effect to ensure that the HMDA/LAR

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

form is completed accurately and completely as to all the information that is required to be reported?

2. Is the report mailed to the FFIEC by March 1?

A. Was the report reviewed by a qualified individual prior to submission?

3. Is the Home Mortgage Disclosure Act poster on display in the lobby of the bank's Main office and in each branch office located within an MSA?

4. Are bank personnel aware that the HMDA statement should be made available to anyone requesting it for inspection or copying during normal business hours?

5. Has the bank retained the HMDA statements for at least five (5) years in the Main office and at least one (1) office in any other MSA where the bank has an office?

INTEREST ON DEPOSITS (REG D & Q)

1. Are the advertisements accurate and representative of the bank's deposit contracts offered?

2. Are interest rates, if stated, stated in terms of annual percentage rate of simple interest?

3. Are time and amount requirements that are necessary to obtain the stated rates clear and conspicuous?

4. Is a notice concerning the penalties for early withdrawal stated clearly and conspicuously?

A. Is it in writing and furnished prior to entering into a time deposit?

5. Is the term "profit" used in the advertisement?

6. Do the advertisements for deposits state that the bank is a member of the FDIC?

7. Does the bank solicit deposits subject to interest rate ceilings by offering premiums in the form of merchandise, credit or cash?

8. If the bank uses "in-house" developed advertising for deposits, are the advertisements reviewed prior to publication?

A. Does a qualified individual review them for compliance with regulatory requirements for advertising?

9. Are the official FDIC signs posted at each teller window and other locations within the bank where deposits are received?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

REAL ESTATE SETTLEMENT PROCEDURES ACT - RESPA (REG X)

1. Does the Good Faith Estimate (GFE) contain the following statement in bold type?

This form does not cover all items you will be required to pay in cash at settlement, for example, deposit in escrow for real estate taxes and insurance. You may wish to inquire as to the amounts of such other items. You may be required to pay other additional amounts at settlement.

2. Was the standard GFE used?

3. Was the GFE provided within three (3) business days from the time that the bank received a written application?

4. Does the GFE provided bear a reasonable relationship to the charges likely to be paid by the applicant at closing?

5. Was the Closing Cost Booklet provided within three (3) business days from the time that the bank received a written application?

6. If the bank required the borrower to use the services of a particular individual or firm for legal, title examination, title insurance, etc., did the GFE include the following disclosures?

A. A statement that clearly designated the name, address and phone number of each provider designated by the bank?

B. The service that would be rendered by the provider?

C. The charges of the designated provider?

D. A statement whether or not each provider has/had a relationship with the bank?

7. Did the bank provide the Uniform Settlement Statement (HUD-1 / HUD-1A) to the borrower at closing?

A. Is the HUD-1/HUD-1A available for review at least one (1) day prior to the closing when the bank conducts the closing?

8. Where charges properly itemized on the HUD-1/HUD-1A?

A. Are charges required by the bank, but paid outside of closing marked as POC?

9. Did the bank require the borrower to pay escrow accounts

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

and payments in accordance with the established limits?

10. Does the bank retain the required disclosures for at least two (2) years from the date of settlement?

11. Does the bank refrain from charging a fee for preparing the TIL disclosures or the HUD-1/HUD-1A?

12. Does the bank issue a Mortgage Servicing disclosure within three (3) days of receiving a written application?

13. Does the bank issue a Transfer of Services Notice at least 15 days prior to the effective date of the transfer?

14 Does the bank issue an Affiliated Controlled Business Arrangement disclosure, when applicable?

15. Does the bank furnish an initial escrow statement when escrow is required?

A. Does the bank issue an annual escrow account statement to each account for which escrow is required?

RIGHT TO FINANCIAL PRIVACY ACT

1. Has the bank designated one (1) individual to handle requests by Federal Government Agencies for customer information?

A. If yes, who? _____

2. If the bank receives requests for customer financial records, has the bank performed the following?

A. Obtained an authorization from the customer, an administrative subpoena or summons, a search warrant or a formal request by the federal agency?

B. Obtained a Certificate of Compliance with the Act before releasing the records?

C. Maintained a record of the information released, the date and the name of the agency to whom the information was given?

3. For authorizations obtained from customers, did the authorizations contain the following?

A. Signature and date?

B. Effective period not in excess of three (3) months?

C. Identify the records to be disclosed, the purpose for the disclosure and the agency to whom they are to

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

be disclosed?

D. State the customer's rights under the Act?

4. Has the bank developed and implemented procedures for fulfilling requests by Government Agencies for a customer's financial records in compliance with the Act?

5. Does the bank provide the customer with a copy of the records upon request, unless blocked by a court order?

TRUTH IN LENDING - TIL (REG Z)

1 Are there procedures in effect to ensure that the Fed Box disclosures are accurately completed as to the following:

A. Annual Percentage Rate (APR)?

B. Finance Charge?

C. Amount Financed ?

D. Total of Payments?

E. Payment Schedule?

1. Number of payments?

2. Amount of payments?

3. Timing of payments?

F. Insurance Premiums?

1. Credit life?

2. Disability?

G. Total Sale Price, if applicable?

H. Secured by "Goods or Property Being Purchased" is indicated, if applicable?

I. "Brief Description of Other Property" is indicated, if applicable? (Loan is secured by collateral other than what is being purchased)

2. If credit insurance is purchased, does the bank require the borrower to initial the statement indicating that he/she wants to purchase the credit insurance?

3. Are security interest charges that are disclosed excluded from the Finance Charge?

4. Was the Itemization of Amount Financed dated by the borrower on the same day other disclosures were provided, if

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

Itemization was furnished separately?

5. Are there procedures in effect to determine that for home equity credit lines the following information was disclosed?

- A. Daily periodic rate?
- B. APR?
- C. Added rate (margin)?
- D. Method of calculation for the finance charge?

6. Did the bank furnish each party with ownership interest and whose principal residence is the dwelling with two (2) copies of the Right of Rescission Notice(R of R)?

- A. Did each party sign and date the R of R Notice?
- B. Was the R of R in effect for three (3) full business days and were the funds held until expiration?

Note: "Business day:" includes Saturday, but not Sunday or legal holidays.

7. For accounts with balances in excess of \$1, where a credit balance was created in the consumer's account, are procedures in effect to determine the following?

- A. Whether the proper amounts were credited to the account?
- B. That the amounts were refunded upon receipt of a written request?
- C. That a good-faith effort was made to refund the amounts after six (6) months without any request?

8. If "trigger terms" were advertised are the other credit terms also disclosed?

9. Was any rate other than the APR disclosed?

10. For Closed-end credit advertisements are there procedures in effect to determine the following?

- A. If a rate of finance charge was stated, is it stated as an "annual percentage rate" using the term APR?
- B. If the APR is subject to increase after consummation, is that fact stated?

11. Did the bank retain evidence of compliance the Regulation Z for two (2) years?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

12. Is the bank using current approved forms with respect to direct consumer loans?

- A. Contracts?
- B. Itemization of Amount Financed?
- C. Right of Rescission Notice?

13. Is the bank using current approved forms with respect to home equity credit lines?

14. Does the bank extend variable “teaser rate” loans?

15. Is the Right of Rescission furnished when a consumer loan secured by a non-purchase money security interest in the consumer’s principal dwelling is opened or increased?

16. Are lenders furnishing the Consumer Handbook on Adjustable Rate Mortgages and a ARM Program disclosure to the customer at application when the following three (3) requirements are met?

- A. Closed-end variable rate?
- B. Term greater than one (1) year?
- C. Secured by the consumer’s principal dwelling?

CREDIT PRACTICES

1. Did the bank provide the Notice To Cosigner prior to the time that the cosigner became obligated?

2. Is the bank “pyramiding” late charges on consumer loans?

LOANS TO EXECUTIVE OFFICERS, DIRECTORS & PRINCIPAL SHAREHOLDERS (REG O)

1. Has the bank’s Board of Directors adopted a resolution identifying executive officers?

2. Is an extension of credit to individuals subject to Regulation O approved by a majority of the Board of Directors?

- A. Does the interested party abstain from voting?

3. Are there procedures in effect to determine that extensions of credit to executive officers are handles as follows?

- A. Are the credit terms are substantially the same as those prevailing at the time for comparable transactions by the bank with other persons?
- B. Is the extension of credit is preceded by the

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

submission of a detailed current financial statement of the executive officer?

C. Is the loan made with a demand feature?

4. If an executive officer overdraws their DDA is there a written, pre-authorized, interest bearing extension of credit that specifies a method of payment on file?

A. Is there a written, pre-authorized transfer of funds from another account of the executive officer on file

5. Do executive officers and principal shareholders along with their related interests who have outstanding extensions of credit from a corresponding bank during the calendar year, make a written report to the Board of Directors by January 31 of the following year? (Form FFIEC OO4).

A. Are the bank's executive officers and principal shareholders provided with a list of correspondent banks?

6. Do executive officers make a written report to the Board of Directors at the officer's bank within ten (10) days of becoming indebted to another bank when their aggregate indebtedness reaches an amount greater than \$100,000?

A. Are these reports retained for three (3) years?

7. Are appropriate personnel aware of the public disclosure requirements with respect to executive officers and principal shareholders and their related interests?

A. Are requests for the public disclosure retained for two (2) years from the date of the request?

MORTGAGE INTEREST REPORTING **(IRS FORM 1098)**

1. Does the bank obtain TINs or SS#s from borrowers at the time a real estate loan is made?

2. Does the bank complete form 1098 for interest of \$600 or more during the calendar year paid on all obligations that are secured by real property and stock in a co-operative housing corporation?

A. Is interest reported on each obligation when interest on the loan is \$600 or more?

3. Does the bank report the interest to the IRS by February 28 of the year following the year the interest was paid?

4. Are points paid directly by the borrower at the time of closing reported to the borrower by the bank on form 1098?

5. Is the 1098 sent to the borrower by January 31 of the year

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

following the year the interest was paid?

FORECLOSED & ABANDONED PROPERTY REPORTING (IRS FORM 1099-A)

1. Is form 1099-A filed with the IRS and furnished to the borrower for any foreclosure or other acquisition of collateral in full or partial satisfaction of any debt, or for the abandonment of real property for all secured lending, excluding only consumer loans secured by tangible personal property?

2. Does the bank report the acquisition of the property to the IRS by February 28 of the year following the year acquisition was made?

3. Is the 1099-A sent to the borrower by January 31 of the year following the year acquisition was made?

4. Are there procedures in effect to determine that the form 1099-A is filed with all the data required to be reported?

5. Are the returns filed with the IRS using magnetic media to the extent that there are 50 or more reports being filed in a given calendar year?

TRUTH IN SAVINGS ACT- TIS (REG DD)

1. For time accounts longer than one (1) month that renew automatically, does the bank furnish account disclosures before maturity?

2. For time accounts with maturities longer than one (1) year, does the bank furnish account disclosures along with the date the existing account matures?

3. For time deposits of one (1) year or less but longer than one (1) month that renew automatically, does the bank perform the following?

A. Provide disclosures?

B. Disclose the date the existing account matures and the new maturity date if the account is renewed?

C. Disclose the interest rate and the Annual Percentage Yield (APY) for the new account if it is known?

D. Disclose any differences in the terms of the new account as compared to the terms required to be disclosed for the existing account?

4. For time deposits with a maturity of one (1) month or less that renew automatically at maturity, does the bank disclose any differences in the terms of the new account as compared to the terms required to be disclosed other than the change in

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

the interest rate and corresponding change in the APY?

5. For time deposits with a maturity longer than one (1) year that do not renew automatically at maturity does the bank disclose the maturity date and whether interest will be paid after maturity?

A. Is the disclosure mailed at least ten (10) days before maturity of the existing account?

6. Does the disclosure for time accounts include the following data?

A. Rate information?

B. Compounding and credit frequencies?

C. Balance information?

D. Fees?

E. Transaction limitations?

F. Time requirements?

G. Early withdrawal penalties?

H. Renewal policies?

I. Potential loss of principal?

7. Is the disclosure made clearly and in a written form that the customer can keep?

8. Does the bank's periodic statement include the following disclosures?

A. Annual Percentage Yield (APY)?

B. Amount of interest?

C. Fees imposed?

D. Length of period?

9. Is advertising clear and accurate in representing the bank's deposit contract?

10. In advertising are the terms "free", "no cost" or "profit" not used to describe a product?

11. If the advertisement states a rate of return, is the rate stated as an annual percentage yield or APY?

12. In advertising is the APY more conspicuous than any other term?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

13. When additional disclosures need to be disclosed, does the advertising state the following information, to the extent possible, clearly and conspicuously?

- A. Variable rates?
- B. Time for which the APY is offered?
- C. Minimum balance?
- D. Minimum opening deposit?
- E. Effect of fees?
- F. Features of time deposits?
- G. Bonuses?

E-SIGN ACT/ELECTRONIC DISCLOSURE **(Regulations B, E, Z, DD)**

1. Before being asked to consent to electronic delivery of disclosures, was the consumer provided with a statement that:

- A. Informs the consumer of any rights or option to have the records provided or made available on paper or in a non-electronic form?
- B. Describes the rights of the consumer to withdraw this consent, along with any conditions, consequences or fees in the event of such a withdrawal?
- C. Informs the consumer whether the consent applies only to particular transactions, or also applies to identified categories of records that may be provided during the course of the parties' relationship?
- D. Describes the procedures the consumer must use to withdraw the consent and to update information needed to contact the consumer electronically?
- E. Inform the consumer how to obtain a paper copy of an electronic record and whether any fee will be charged?

2. Was the statement clear and conspicuous?

3. Before consenting, was the consumer provided with a statement of the hardware and software required for access to and retention of the electronic record?

4. Were the disclosures provided in a timely manner as

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

required by the particular regulation?

5. For disclosures required to be provided in a form the consumer can keep, were they provided in a format that allowed it to be retained by the consumer?

6. If there was a change in hardware or software was the consumer provided with:

A statement of the revised hardware/software requirements

C. The right to withdraw consent without having to pay a fee for the withdrawal, and without having any conditions or consequences imposed that were not disclosed?

PRIVACY OF CONSUMER FINANCIAL INFORMATION

1. Was an initial privacy disclosure provided?

2. Was a disclosure of the institution's privacy policy provided at least annually?

3. If a standard disclosure is used, did it contain the following:

- A. The categories of non-public personal information that the institution collects?
- B. The categories of non-public personal information that the institution discloses?
- C. The categories of affiliate and non-affiliate third parties to whom the institution discloses non-personal information?
- D. The categories of non-public personal information about former customers that the institution discloses and the categories of affiliates and non-affiliated third parties to whom it discloses information?
- E. If the institution discloses non-public personal information to a non-affiliated third party under the exception for service providers/joint marketers, a description of the categories of information it discloses and third parties used?
- F. An explanation of the rights of the consumer to opt out of the disclosure of non-public personal information to non-affiliate third parties, including the methods to exercise that right?

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

G. Any disclosures that the institution makes under FCRA regarding the ability of the consumer to opt out of the disclosure of information among affiliates if the institution discloses information from consumer reports to affiliates?

H. The institution's policies and procedures for protecting the confidentiality, security and integrity of non-public personal information?

4. Was the disclosure clear and conspicuous?

Note: If the institution does not disclose non-public personal information to third parties or affiliates it can use a simplified notice which contains the categories of non-public personal information that the institution collects and the institution's policies and procedures for protecting the confidentiality, security and integrity of non-public personal information.

5. If the institution uses a separate short-form notice for non-customers, does the notice state that the institution's privacy disclosure is available upon request and how it may be obtained?

6. Was the disclosure clear and conspicuous?

7. If the institution changed its privacy policy, did it provide the following before implementing the change:

- A. Provide the consumer with a revised notice?
- B. Provide a new opt-out notice?
- C. Give reasonable opportunity, before the bank discloses the information to non-affiliated third parties, to opt out of the disclosure?

8. Was the disclosure clear and conspicuous?

9. Did the notice provide an opt out stating:

- A. That the institution discloses or reserves the right to disclose non-public personal information to a non-affiliated third party?
- B. The consumer has the right to opt out of the disclosure?
- C. A reasonable means by which the consumer may exercise the opt out right?

10. If the consumer elected to opt out, did the institution implement it within a reasonable time?

11. Does the institution allow consumers a continuing right to

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

opt out?

12. Is the consumer's election to opt out honored until revoked?

13. For any non-public personal information about a consumer provided to a non-affiliated third party, was the consumer given a proper opportunity to opt out which they exercise, or was the information covered by an exception?

FAIR HOUSING HOME LOAN DATA SHEET **(FHHLDS)**

1. Does the FHHLDS note the following information:

- A. Number of applications received?
- B. Number of loans closed?
- C. Number of applications denied?
- D. Number of loans withdrawn by the applicant?

2. Did the bank note the above information in each of the following categories:

- A. Purchase money loans?
- B. Construction-permanent?
- C. Refinance?

3. Does the application reflect the following:

- A. The amount of the loan requested by the applicant(s)?
- B. The interest rate requested by the applicant(s)?
- C. The number of months to maturity requested by the applicant(s)?
- D. The number of residential units in the dwelling that will secure the loan?
- E. The year in which the dwelling was built?
- F. The purpose of the loan using the terms purchase, refinance or construction-permanent?
- G. The name and present address of the applicant(s)?
- H. The age of the applicant(s)?
- I. The marital status of the applicant(s), using the

INTERNAL CONTROL QUESTIONNAIRE

COMPLIANCE

terms married, unmarried or separated?

- J. The number of years the applicant(s) has been employed in the present line of work or profession?
 - K. The number of years the applicant(s) has been on the present job (either the # of years employed by the current employer or the # of years continuously self-employed?)
 - L. The gross total monthly income of each applicant, comprising the sum of normal base salary, wages, overtime pay, bonuses, commission, dividends, interest, rental income, retirement or disability income, and income from part-time employment?
 - M. The proposed monthly housing payment, both principal and interest?
 - N. The purchase price of the property?
 - O. The applicant(s) total monthly payments on all outstanding liabilities?
 - P. The net worth of the applicant(s)?
 - Q. The date of the application?
4. Does the application contain the required Monitoring Information (race, sex and national origin along with all its required disclosures?)
5. Does the Transmittal Form contain the following:
- A. The appraised value of the property?
 - B. The census tract where the properties are located?