
Lending Overview

Questionnaire

Yes No

General Questionnaire

1. Has the board of directors, consistent with its duties and responsibilities, adopted written loan portfolio management policies and objectives that accomplish the following:
- Clearly state the board's general credit philosophy? Yes No
 - Establish loan authority of committees and individual lending officers? Yes No
 - Define the duties and responsibilities of the loan officers and loan committee? Yes No
 - Define acceptable types of loans and collateral? Yes No
 - Establish maximum loan terms and amortization requirements for various types of loans? Yes No
 - Establish loan pricing objectives? Yes No
 - Applies loan underwriting standards to loans purchased and participation loans? (The association cannot delegate this responsibility to another lender.) Yes No
 - Establish minimum financial information required before the closing of the loan? (The level of data will vary depending on loan type and portfolio.) Yes No
 - Establish policies for any automated underwriting and credit scoring standards in use? Yes No
 - Establish a written appraisal policy in conformance with 12 CFR § 564 and Section 208 of the Examination Handbook? Yes No
 - Establish documentation standards for underwriting analysis and approval decisions? Yes No
 - Establish written collection standards? Yes No

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Reviewed By: _____
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2. Does the association review its loan underwriting policies and procedures at least annually and does management determine if the loan underwriting policies and procedures are congruent with changing market conditions?	<input type="checkbox"/>	<input type="checkbox"/>
3. Does the association have review and approval procedures for all reports before submission to the board or its committee?	<input type="checkbox"/>	<input type="checkbox"/>
4. Do management reports include the following items:		
• A recap of new lending by portfolio and type?	<input type="checkbox"/>	<input type="checkbox"/>
• A listing of loan commitments and other contingent liabilities?	<input type="checkbox"/>	<input type="checkbox"/>
• A detailed loan performance and asset classification report?	<input type="checkbox"/>	<input type="checkbox"/>
• A listing of other loans and assets requiring special attention?	<input type="checkbox"/>	<input type="checkbox"/>
• A listing of concentration risks?	<input type="checkbox"/>	<input type="checkbox"/>
5. Has the association established minimum documentation standards for each loan type?	<input type="checkbox"/>	<input type="checkbox"/>
6. Do loans on all borrowers contain the following information:		
• Written applications for all loans that show the purpose of the loan?	<input type="checkbox"/>	<input type="checkbox"/>
• The planned repayment schedule?	<input type="checkbox"/>	<input type="checkbox"/>
• The disposition of the loan proceeds?	<input type="checkbox"/>	<input type="checkbox"/>
• Disbursement authorizations?	<input type="checkbox"/>	<input type="checkbox"/>
• Credit and trade checks on the borrower?	<input type="checkbox"/>	<input type="checkbox"/>
• Signed financial statements (including income statements, W-2, tax returns, and other sources or repayment) for the borrower, guarantor, and significant related parties?	<input type="checkbox"/>	<input type="checkbox"/>

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• Collateral evaluations where applicable?	<input type="checkbox"/>	<input type="checkbox"/>
• Lien releases where applicable?	<input type="checkbox"/>	<input type="checkbox"/>
• Written credit memorandum or approval form supporting the loan decision and at-testing that the loan meets the institution's underwriting guidelines or is an ap-proved exception loan?	<input type="checkbox"/>	<input type="checkbox"/>
• Information on the borrower's other loan and depository account relationships?	<input type="checkbox"/>	<input type="checkbox"/>
• Other pertinent documents or correspondence relating to the loan?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the association maintain a system to ensure that it requests and receives current financial information for commercial borrowers whose loan repayment is dependent on business income?	<input type="checkbox"/>	<input type="checkbox"/>
8. Does the association require submission of audited financial statements based on dollar amount of commitment or other criteria? If so, state the requirement. _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
9. Does the association perform a credit investigation on proposed and existing borrowers?	<input type="checkbox"/>	<input type="checkbox"/>
10. Does the association require that all loan commitments be in writing?	<input type="checkbox"/>	<input type="checkbox"/>
11. Does the association review and update lines of credit at least annually?	<input type="checkbox"/>	<input type="checkbox"/>
12. Does the association check borrowers' outstanding liabilities to appropriate lines of credit before granting additional advances?	<input type="checkbox"/>	<input type="checkbox"/>
13. Is the administrative system independent of the lending function (it may be a function of the loan servicing or internal audit department) that covers each department and accom-plishes the following:		

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• Reexamines notes for proper execution, receipt of all required supporting papers, and proper disclosure forms?	<input type="checkbox"/>	<input type="checkbox"/>
• Determines that loans are in compliance with loan policies and are within the association's lending authority?	<input type="checkbox"/>	<input type="checkbox"/>
• Determines that the loan officer initially approves the loan?	<input type="checkbox"/>	<input type="checkbox"/>
• Ascertains that loans to corporations are within the limitations set for the borrower by corporate resolution?	<input type="checkbox"/>	<input type="checkbox"/>
• Ascertains that loans are within loans to one borrower limits?	<input type="checkbox"/>	<input type="checkbox"/>
• Rechecks the preparations of maturity and interest notices?	<input type="checkbox"/>	<input type="checkbox"/>
• Ensures that personnel follow procedures to protect notes and documents from theft or damage?	<input type="checkbox"/>	<input type="checkbox"/>
• Maintains a tickler file that will give at least 30 days advance notice before expiration of hazard insurance, public liability insurance, flood insurance, and take-out commitments?	<input type="checkbox"/>	<input type="checkbox"/>
• Confirms collateral and loans with customers on a test basis?	<input type="checkbox"/>	<input type="checkbox"/>
14. Has the association established an adequate system to maintain loan documentation, including a checklist to ensure that the institution received required documents and that they are on file?	<input type="checkbox"/>	<input type="checkbox"/>
15. Does the association ensure that a person who does not handle cash examines and prepares entries to various general ledger and other loan controls?	<input type="checkbox"/>	<input type="checkbox"/>
16. Does the association prohibit loan officers from processing loan payments?	<input type="checkbox"/>	<input type="checkbox"/>
17. Does the association segregate and identify records and files for serviced loans?	<input type="checkbox"/>	<input type="checkbox"/>
18. Does a person who does not issue checks or drafts or handle cash prepare and test loan fee and interest income?	<input type="checkbox"/>	<input type="checkbox"/>

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19. Does the association reconcile subsidiary loan records daily with the appropriate general ledger accounts?	<input type="checkbox"/>	<input type="checkbox"/>
20. Does a person who does not handle cash investigate reconciling items?	<input type="checkbox"/>	<input type="checkbox"/>
21. Does the association mail to borrowers, at least annually, a detailed statement of account balances and activity?	<input type="checkbox"/>	<input type="checkbox"/>
22. Does the association have a loan review section, or the equivalent?	<input type="checkbox"/>	<input type="checkbox"/>
23. Does the association retain loan records in accordance with their record retention policy and legal requirements?	<input type="checkbox"/>	<input type="checkbox"/>
24. Does the association microfilm, scan, or otherwise record new notes daily?	<input type="checkbox"/>	<input type="checkbox"/>
25. Does the association maintain records in sufficient detail to generate the following information by type of advance:		
• The cost of funding loans?	<input type="checkbox"/>	<input type="checkbox"/>
• The cost of servicing loans, including overhead?	<input type="checkbox"/>	<input type="checkbox"/>
• The cost factor of probable losses?	<input type="checkbox"/>	<input type="checkbox"/>
• Profit margin for each loan program?	<input type="checkbox"/>	<input type="checkbox"/>
26. Overall, are the association's underwriting policies, procedures, and controls adequate to prevent unsafe and unsound lending practices?	<input type="checkbox"/>	<input type="checkbox"/>

Comments
