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# Equity Investments

## Questionnaire

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Yes No

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### GENERAL QUESTIONNAIRE

1. Does the thrift's asset review and classification program cover equity investments?
2. If state chartered, is the thrift complying with statutory and regulatory investment limits under state law if more restrictive than federal limits?
3. Does the thrift's internal audit program adequately cover equity investments?
4. Does the thrift adequately monitor compliance with its equity investment policies and procedures?
5. Does the thrift have definitive written investment plans for each equity investment?
6. Is the thrift complying with its investment plans?
7. Is the association in compliance with the statutory investment limits prescribed by the HOLA and FDIA?
8. Does the thrift apply the consolidation method to applicable EIs of operating subsidiaries for the purpose of determining its aggregate level of investments?
9. Are equity investment management reports and information systems adequately providing management and directors with decision-making information and the ability to monitor compliance with established guidelines?
10. Does the institution maintain records for each equity interest in a real estate investment (REI) parcel (e.g., showing capital items, expenses, rentals)? Are such files complete?
11. Does the institution reconcile ledgers for the individual REI properties to the general ledger at least monthly?  
Frequency? \_\_\_\_\_
12. Does the thrift maintain insurance coverage on REI including liability coverage where advisable?
13. Does the thrift maintain adequate control over REI rental income?
14. Are agents who collect REI rents and/or manage properties bonded?
15. Does the thrift properly control REI security deposits?
16. Does the thrift maintain adequate control over all REI disbursements?

**Exam Date:** \_\_\_\_\_

**Prepared By:** \_\_\_\_\_

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	Yes	No
17. Does the thrift physically inspect all REIs at least quarterly?	<input type="checkbox"/>	<input type="checkbox"/>
18. Has the thrift imposed limitations on the securities investment authority of officers?	<input type="checkbox"/>	<input type="checkbox"/>
19. Does the thrift require dual authorization of investment security transactions?	<input type="checkbox"/>	<input type="checkbox"/>
20. Do procedures preclude the custodian of the thrift's securities from:		
• having sole physical access to security documents?	<input type="checkbox"/>	<input type="checkbox"/>
• preparing release documents without the approval of authorized persons?	<input type="checkbox"/>	<input type="checkbox"/>
• preparing release documents not subsequently examined or tested by a second custodian?	<input type="checkbox"/>	<input type="checkbox"/>
• performing more than one of the following transactions:		
— execution of trades?	<input type="checkbox"/>	<input type="checkbox"/>
— receipt or delivery of securities?	<input type="checkbox"/>	<input type="checkbox"/>
— receipt and disbursement of proceeds?	<input type="checkbox"/>	<input type="checkbox"/>
21. Does the thrift physically safeguard securities to prevent loss or unauthorized removal or use?	<input type="checkbox"/>	<input type="checkbox"/>
22. Are registered securities held only in the name (or street name) of the thrift or subordinate organization?	<input type="checkbox"/>	<input type="checkbox"/>
23. Do thrift and subordinate organization records of investment securities show all pertinent data describing the security, its location, pledged or unpledged status, premium amortization, discount accretion, and dividends declared or interest earned, accrued, and collected?	<input type="checkbox"/>	<input type="checkbox"/>
24. Do periodic statements the thrift receives from securities brokers reflect:		
• trading activity for the period?	<input type="checkbox"/>	<input type="checkbox"/>
• open positions at the end of the period?	<input type="checkbox"/>	<input type="checkbox"/>
• market value of open positions?	<input type="checkbox"/>	<input type="checkbox"/>
• unrealized gains and losses?	<input type="checkbox"/>	<input type="checkbox"/>
• cash balances in accounts?	<input type="checkbox"/>	<input type="checkbox"/>

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25. Does someone independent of both the trading and recordkeeping functions receive the periodic statements?	<input type="checkbox"/>	<input type="checkbox"/>
26. Does the thrift reconcile the periodic statements to all of the thrift's accounting records?	<input type="checkbox"/>	<input type="checkbox"/>
27. Do persons who do not have direct, physical, or accounting control of accounts balance EI subledgers at least annually to the appropriate general ledger accounts?	<input type="checkbox"/>	<input type="checkbox"/>
28. Do persons who do not have direct, physical, or accounting control of the assets prepare and post EI subledgers?	<input type="checkbox"/>	<input type="checkbox"/>
If not, do persons who do not have direct, physical, or accounting control of the assets test the preparation and postings?	<input type="checkbox"/>	<input type="checkbox"/>
29. Does the thrift maintain supporting documents for all entries to EI accounts?	<input type="checkbox"/>	<input type="checkbox"/>
30. Does management report acquisitions and dispositions of EIs to the board of directors?	<input type="checkbox"/>	<input type="checkbox"/>
31. Does the board of directors review EI policies at least annually to determine if they are compatible with changing regulatory restrictions and market conditions?	<input type="checkbox"/>	<input type="checkbox"/>

#### COMMENTS

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