

Floor Plan and Indirect Lending

Questionnaire

RESCINDED

Yes No

GENERAL QUESTIONNAIRE

Lending Policies

1. Has the board of directors, consistent with its duties and responsibilities, adopted written floor plan and indirect lending policies that:
 - Establish procedures for reviewing loan applications?
 - Define qualified borrowers?
 - Establish minimum standards for documentation?

2. Are lending policies reviewed at least annually to determine if they are compatible with changing market conditions?

3. What has been the rejection rate for loan referrals of indirect loans by the institution for each dealer?

4. Are underwriting policies, procedures, and controls adequate to prevent unsafe and un-sound lending practices?

5. Does the management possess the expertise necessary to underwrite this type of lending?

Loan Records

6. Is the preparation and posting of subsidiary floor plan loan records performed or reviewed by persons who do not also:
 - Issue official checks or drafts singly?
 - Handle cash or checks?

7. Is a daily record maintained summarizing note transaction details, i.e., loans made, payments received, and interest collected, to support applicable general ledger account entries?

8. Is an underwriting memorandum on file that sets forth required documentation for original loan approval?

9. Are documents properly executed, notarized, etc.?

Exam Date: _____
Prepared By: _____
Reviewed By: _____
Docket #: _____

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- | | Yes | No |
|--|--------------------------|--------------------------|
| 10. Have UCC's been filed in the appropriate jurisdiction and are receipts on file? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Are loans properly recorded and notification of such on file? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Is there a system in place to refile liens in order to maintain perfection of the security interest? | <input type="checkbox"/> | <input type="checkbox"/> |

Collateral

- | | | |
|--|--------------------------|--------------------------|
| 13. Are physical inventories conducted at least monthly and on a surprise basis? | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Are more frequent physical inventories conducted if the dealer is experiencing financial difficulties? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Are individuals performing these checks rotated? | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Do inventory inspections include, as a minimum, the following: serial number verification, inventory of equipment and furnishings, condition and location of asset, and accounting for assets sold out of trust or rented? | <input type="checkbox"/> | <input type="checkbox"/> |
| 17. Are trade-ins inspected and appraised for reasonableness of value? | <input type="checkbox"/> | <input type="checkbox"/> |
| 18. Is the quality and sufficiency of the loan collateral and the volume and rate of inventory turnover adequate? | <input type="checkbox"/> | <input type="checkbox"/> |

Loan Administration

- | | | |
|--|--------------------------|--------------------------|
| 19. Is the loan administration process adequate regarding | | |
| • Credit and financial analysis? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Collateral policies and procedures? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Enforcement of curtailment and buy-back agreements? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Segregation of duties for authorizing and funding disbursements? | <input type="checkbox"/> | <input type="checkbox"/> |
| 20. Is purchased retail paper subject to thorough underwriting review and confirmation with borrowers? | <input type="checkbox"/> | <input type="checkbox"/> |

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Yes No

COMMENTS

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