



FREQUENTLY ASKED QUESTIONS

Frequently Asked Examination Questions Applicable to all Licensees

- Q I am told that I can submit documents through the department's secure site at <https://nhftp.nh.gov/>. What does this mean and what do I do?**
- A** The department now has a secure site to submit information for the examination, if you would like to submit information electronically, such as loan lists, financials, work papers, or the officer questionnaire. Within that initial letter, you will be given a user name and a password. Type the link to the site into your browser. You will be asked to input the user name and password. It is case sensitive, so enter the user name and password exactly as it is shown in the letter. Once you are logged in, you will be able to upload documents for the examination.
- Q What types of examinations are conducted? Will I be notified? What is expected?**
- A** At a minimum, every licensee must be examined every 18 months. Every licensee shall be subject at any time to such periodic, special, regular, or other examination by the banking department with or without notice to the licensee. This means that you may or may not be notified ahead of time of an examination. The department routinely conducts both announced and unannounced exams of licensees. Whether or not you have been given advanced notice, licensees are required to make freely available to the examiners, the accounts, records, documents, files, information, assets, and matters in their possession or control relating to the subject of the examination and must facilitate the examination.
- Q I just received a Notice of Examination, what is the time frame to provide the information? Can I get an extension?**
- A** When documentation and files are requested to be sent to the department, the licensee has a total of 21 days to comply with this request. This time frame is broken down further into two periods. When a loan list is requested, you have 7 days to provide the list. When the list is received and a loan selection has been made, you have 14 days to provide the files. This ensures that the files and documentation are received by the Department within the 21 days. If you are late for either of these two periods, you will be fined \$50 a day until the outstanding items are produced. If you fail to provide the information within 60 days, it is sufficient cause for license revocation, suspension, or denial. Since the statute dictates this timeline, an extension *cannot* be granted.

Q What type of information should be on the loan list?

- A There are currently two standard loan lists in an Excel format that can be found on our website. The links are *case-sensitive*, so please remember to use both upper and lowercased letters when entering it in your browser.

The standard loan list for mortgage bankers and mortgage brokers can be found here:
<http://www.nh.gov/banking/CCDEExamLoanList.xls>

The standard loan list for sales finance companies (motor vehicles) can be found here:
<http://www.nh.gov/banking/CCDSalesFinanceLoanList.xls>

Q I am asked to provide “Work papers to supplement and document information supplied on the annual report filed with this office as part of the examination. What documents does the department consider to be “work papers”?”

- A You are required to file with the department an “Annual Report” each year before April 1, “concerning the operations for the preceding year...” The department verifies the numbers reported on the annual report. This is done partly by reviewing the documents (work papers) that you used to arrive at the figures reported. Typically, this may be a spreadsheet in which you have listed each loan similar to the loan list provided for examination, or a report generated by the software that you use. You are required to maintain the documentation you used to generate the information listed on the annual report. The work papers are those documents.

Q I have a mortgage license. What documents are required for examination purposes?

- A An examination consists of a review of loan files and any documents relating to your company’s status and financial well being, regardless of the type of license you hold. In addition to the loan files, the documents you may be asked to provide include, *but are not limited to*, the following:
- A list of all NH loans that the licensee has originated, in process, funded, closed, denied, withdrawn, canceled, foreclosed, or serviced by the licensee during the past 18 months.
 - List of owners, officers, directors (or members, partners, limited partners listed on Schedules A& B)
 - Current financial statements to include a balance sheet and a profit / loss statement (most recent year and most recent quarter end)
 - The most recent federal income tax return
 - Work papers supporting the figures reported on your most recent annual report (you must demonstrate how the numbers filed on the annual report were calculated)
 - A copy of your company’s policy and procedures manual, including policies in relation to originating, compliance, and written policies and procedures that detail your process for compliance with privacy and safeguarding of consumer non-public information.

- Secretary of State information including, corporate or organizational documents evidencing “Good Standing” (this encompasses the home state Certificate of Incorporation and the Foreign Corporation Certificate) as well as Trade name certificates (NH and home state, if applicable)
- Operating account (register) journal and escrow account (register) journal, including corresponding bank statements for these accounts. You may be asked to provide copies of canceled checks or wire transfers that support the (register) journal entries.
- A list of correspondent lenders or brokers
- Copies of written consumer complaints
- A list of all affiliates, subsidiaries, parents with whom your enterprise is associated (you may submit an organizational chart to fulfill this requirement)
- Copies of media advertisement distributed in New Hampshire.
- All third party agreements / contracts.
- The written polices that are in place that are in accordance with the Commissioner's order of November 13, 2006 concerning the Guidance on Nontraditional Mortgage Products.
- Emails and electronic documents are records the department frequently reviews. Be prepared to provide access to all documents and records no matter the storage media, including providing passwords and passcodes to access the documents. This would include internet and intranet access.

Q What documents are required to be kept in a mortgage loan file for examination purposes?

A You are required to maintain *all* documents related to the loan. If you are only licensed as a broker, not banker, you still need to maintain complete loan files that contain copies of all paperwork generated during the lending process (including a copy of the final Truth in Lending Disclosure, Note, Mortgage, and HUD Settlement Statement). The loan file should tell the complete story of the lending process, starting with the first contact with the potential borrower through the closing of the loan. This includes all origination, processing, and underwriting documents (including, but not limited to, all disclosures, verification documents, conditions, internal notes, emails, etc.), closing documents (including, but not limited to, all disclosures, instructions, internal notes, etc.), as well as servicing and foreclosure documents, if applicable (including all disclosure, notes, and transaction histories).

Q I am licensed as a sales finance company. I have been notified of an upcoming examination of my activities. What documents are required to be kept in the loan files for examination purposes? (Please note that retail sellers are not required under state law to be examined every 18 months unlike other license types, but may be examined at the Commissioner’s discretion).

A The following is a list of documents the examiners review as part of the examination process. We require that you provide *complete* loan files, which would be copies of *all* paperwork generated during the lending process. The department may review the following documents (please note this is not an exhaustive list of documents that may be in the loan file):

- Retail Installment contract
- Purchase and Sales Agreement (purchase order)
- Application
- Copy of the title
- Title application
- Detailed payment transaction history
- All receipts for payments made in cash
- Copies of any warranties / service agreements sold with the vehicle
- A list of correspondent retail sellers (motor vehicle dealers)
- In addition to the above, all repossession files must also include forms required by the Department of Safety:
 - NH Affidavit of Repossession
 - Notice of Default
 - Notice of Disposition
 - Vehicle Damage form
 - Auction Consignment form