

# **COMPLIANCE MANAGEMENT SYSTEM**

## **PART I**

### **Fair Lending Manual**

This Fair Lending Manual ("FL Manual") summarizes Finance Company's ("FinCo") policies and program dealing with fair lending with respect to its business of purchasing and servicing retail installment contracts ("Contracts") from motor vehicle dealers ("Dealers") and lending money directly to consumers.

#### **I. General Policy Statement**

FinCo is committed to maintaining a culture of fair lending throughout the organization. In this regard, FinCo has developed a Fair Lending Program ("FL Program") that complies with all applicable fair lending laws and regulations ("FL Laws") and reflects industry best practices. FinCo is committed to comply with the letter and spirit of FL Laws. The goal of the FL Program is to carry out FinCo's commitment and be recognized internally and externally (e.g., by management, employees, customers, service providers, and the public) as dedicated to fair lending principles and demanding of compliance. The FL Program applies to all aspects of the credit products and services offered by FinCo (collectively "products"), and across all of FinCo's credit operations, including marketing, underwriting, origination, processing, servicing, collection, loss mitigation, and payoff activities, and to all personnel who work on behalf of FinCo, whether as employees, members of the Board of Directors, agents, representatives or service providers ("Personnel").

#### **II. Structure for Directing the FL Program**

The Managing Member is ultimately responsible for FinCo's fair lending practices and provides executive oversight of and strategic guidance for the FL Program. The Managing Member established the position of Fair Lending Officer ("FL Officer") to direct the FL Program. As such, the FL Officer develops, implements, maintains, and oversees (collectively "directs") the FL Program, on the Board's behalf.

The FL Officer is supported by the Compliance Officer, Credit Officer, and Marketing. The entire company is responsible for the success of the FL Program. To the extent the FL Officer is required to perform a task, the FL Officer may appoint a person to act on his/her behalf.

### **III. Fair Lending Policy**

FinCo does not discriminate against any applicant with respect to any aspect of a credit transaction on the basis of sex, marital status, race, color, religion, national origin, age (provided the applicant has the legal capacity to enter into a binding contract), the fact that all or part of the applicant's income is derived from a public assistance program, the applicant's good faith exercise of rights under the Consumer Credit Protection Act (15 U.S.C. §§ 1601 et seq.) ("prohibited basis" or "ECOA prohibited basis"), sexual orientation, military status, familial status, or disability ("non-discrimination category"). This prohibition applies to "any aspect of a credit transaction" which means any stage or element of the credit process, which includes application, credit evaluation, credit decision, credit terms, servicing, collection and payoff. All Personnel shall treat all customers and prospective customers fairly and consistently throughout the entire credit process without regard to prohibited basis, non-discrimination category, or other characteristic prohibited by law. Collectively, the foregoing shall be referred to as the FL Policy.

The Managing Member has approved and adopted the FL Policy.

### **IV. Law and Regulations**

The fair lending legal and regulatory framework is comprised of federal, state, and local laws and regulations that generally prohibit discrimination in the credit process on specified prohibited bases and/or non-discrimination categories. FL Laws include, but are not limited to:

- Equal Credit Opportunity Act (15 U.S.C. §§ 1691-1691f) and Regulation B (12 C.F.R. Part 202)
- Applicable state laws that prohibit discrimination in lending on specified bases.

#### **A. Equal Credit Opportunity Act (15 U.S.C. §§ 1691-1691f) and Regulation B (12 C.F.R. Part 202)**

1. The Equal Credit Opportunity Act ("ECOA") makes it unlawful for any creditor to:
  - Discriminate against any applicant with respect to any aspect of a credit transaction on an ECOA-defined prohibited basis; and

- Make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage on a prohibited basis a reasonable person from making or pursuing an application.

2. The ECOA prohibited bases are:

- Race,
- Color,
- Religion,
- National origin,
- Sex,
- Marital status,
- Age (provided the applicant has the capacity to enter into a binding contract),
- The applicant's receipt of income derived from any public assistance program, or
- The applicant's exercise, in good faith, of any right under the Consumer Credit Protection Act.

3. Regulation B implements the ECOA and more specifically describes particular actions within the credit process that are prohibited, permitted, and/or required.

4. Actionable Legal Theories

- a. *Disparate Treatment.* If a policy or practice treats protected classes differently on a prohibited basis (commonly known as "disparate treatment"), the creditor has violated the ECOA and Reg. B. Disparate treatment is proven by overt evidence or non-overt evidence. An example of overt evidence is a policy that provides that a prohibited basis should be taken into account when reviewing an applicant (e.g., joint applicants must be married for credit to be approved). Non-overt evidence of disparate treatment is generally statistical (e.g., statistics that show when protected classes are compared to non-protected classes, the protected classes are treated differently). For example, although there may be no formal policy to treat joint applicants differently based on marital status, a review of all approvals and denials reveals that credit was only extended (or

offered) to joint applicants that are married. The evidence indicates disparate treatment.

- b. *Disparate Impact.* If a policy or practice does not discriminate on a prohibited basis, but has the result or effect of treating protected classes adversely on a prohibited basis (commonly known as "disparate impact" or "disparate effect"), the creditor may have violated the ECOA and Reg. B. The creditor with such a policy or practice does not need to intend to discriminate in order for there to be a violation. If the policy or practice has a discriminatory effect or impact on a prohibited basis, it may be a violation.
  1. The Consumer Financial Protection Bureau ("CFPB") will consider a policy or criterion to have a potentially disparate impact if:
    - A specific policy or criterion is involved;
    - The policy or criterion on its stated terms is neutral;
    - The negative effects of the policy or criterion falls disproportionately on applicants in a prohibited basis group;
    - There is a causal relationship between the policy or criterion and the adverse result;
    - Either of the following:
      - The policy or criterion has no clear rationale, appears to exist merely for convenience or to avoid a minimal expense, or is far removed from common sense or standard industry underwriting practices;  
**OR**
      - Even if there is a sound justification for the policy, it appears that there may be an equally effective alternative for accomplishing the same objective with a smaller disproportionate adverse impact.

- c. There is a three-part analysis to determine disparate impact.
  1. Does the challenged practice have a disproportionately negative impact on a protected group? If so, the burden shifts to the creditor for the second step.
  2. Does the creditor have a compelling business justification for the practice? Creditors should be able to establish a compelling business justification for the practice. If there is no such justification, the practice is unlawful. If a business justification exists, the burden shifts back to the plaintiff for the third step.
  3. Could the creditor's legitimate business need have been met by other means that are less discriminatory in their net effects and less disparate in their impact? If not, then the creditor's challenged practice is not a violation.

As with non-overt evidence of disparate treatment, disparate impact is proven by statistical evidence comparing protected classes against non-protected classes.

### ***B. State and Local Fair Lending Laws***

In addition to those prohibited bases identified under federal law, state laws add the following prohibited bases:

- Ancestry,
- Childbearing capacity,
- Creed,
- Familial status,
- Family responsibilities,
- Gender identity or expression,
- Genetic information,
- Learning disability,
- Matriculation,
- Military status,
- Personal appearance,
- Physical or mental disability,
- Political affiliation,
- Pregnancy,
- Parenthood,

- Order of protection status,
- Religious creed,
- Sexual orientation,
- Status as a victim of intrafamily offense, or
- Unfavorable discharge from the military.

The state laws also prohibit creditor inquiry concerning any of the above prohibited bases.

## V. Policies and Procedures

- A. FinCo's policies and procedures shall state with specificity FinCo's obligation and commitment to comply with FL Laws. The policies and procedures shall provide:

A creditor is not permitted to discriminate on a prohibited basis. Prohibited basis means race, color, religion, national origin, sex, marital status, age, because the person receives some type of public assistance, or because a person has asserted rights under a consumer credit protection statute. Additionally, creditors are not allowed to discriminate based on sexual orientation, military status, familial status, or disability. Sometimes persons within these "prohibited basis" and non-discrimination categories are often referred to as "protected classes."

The purpose of the ECOA, Reg. B and state anti-discrimination laws is for all applicants to be treated fairly in every aspect of a credit transaction, and for a creditor not to be influenced by an applicant's race, color, religion, national origin, sex, marital status, age, that the person receives some type of public assistance or benefits, the fact that the person has, in good faith, exercised a right under the Consumer Credit Protection Act, sexual orientation, military status, familial status, or disability.

The prohibition on discrimination applies to **every** stage of the credit process. This includes (but is not limited to):

- To whom credit is targeted or advertised;
- The application procedures, including how credit applications are evaluated;
- The credit terms that are offered;
- The criteria used to evaluate creditworthiness;

- How a customer's account is administered; and
- How a customer's account is handled with respect to delinquency and defaults.

If a policy or practice treats protected classes differently on a prohibited basis, the ECOA and Reg. B are violated, along with, potentially, state law. This is true whether or not such policy or practice was intended to discriminate. Thus, if a policy or practice has the result or effect of treating protected classes differently on a prohibited basis, the ECOA and Reg. B, and potentially, state law are violated.

**B.** FinCo's FL Program shall be founded on policies and procedures that:

1. Ensure that FinCo's FL Policy and FL Program are implemented.
  - a. The FL Officer shall be responsible for ensuring that the policies and procedures that implement FinCo's Policy and FL Program are included in FinCo's operational policies and procedures and put into effect in operations.
  - b. The FL Officer shall be responsible for ensuring that the policies and procedures that implement FinCo's Policy and FL Program are distributed to applicable Personnel and internally marketed.
2. Publish FinCo's FL Policy and FL Program to FinCo Personnel, Service Providers and Dealers.
  - a. The FL Officer shall ensure that a training program is implemented for all Personnel, as appropriate in light of their job duties and FinCo's fair lending risks, to receive appropriate training. The training requirements are set forth below under the subsection entitled "Training" in this "Policies and Procedures" section. Additionally, the FL Program training shall be subject to FinCo's overall training program. FinCo's FL Policy and FL Program shall be published in connection with the foregoing training.
  - b. Please see under "Internal Controls" the sections applicable to Dealers and service providers. Please see also the section below entitled "Monitor Personnel that

are service providers and Dealers, to ensure compliance with FinCo's FL Program and FL Policy." for Dealers and service providers.

3. Provide for ongoing monitoring of the effectiveness of FinCo's FL Policy and FL Program.
  - a. The monitoring requirements are set forth below under the section entitled "Monitoring."
  - b. Additionally, the FL Program shall be subject to the compliance audit and compliance testing set forth in FinCo's Compliance Audit and Testing Manual ("Compliance Audit and Testing Program").
4. Provide for ongoing monitoring of Personnel that are service providers and Dealers, to ensure compliance with FinCo's FL Program and FL Policy.
  - a. The FL Officer shall work with the Credit Officer and Funding Department to identify markers or flags that may suggest that a FL Law may be violated, or presents or increases a fair lending risk for FinCo, with respect to Dealers. This team shall develop follow-up steps to be followed in the event a marker or flag is detected. Additionally, Dealers shall be subject to FinCo's due diligence, assessment, contract requirements, monitoring and remedial action (as applicable and necessary). The markers and flags shall be reviewed and evaluated by the team on an annual basis.
  - b. The FL Officer shall work with the Purchasing Departments to identify markers or flags that may indicate that a FL Law may be violated, or presents or increases a fair lending risk for FinCo, with respect to a service provider. For example: Reviewing consumer complaints against the dealer/service provider, Stipulations and Dealer Profitability. This shall be done for each type of service provider that may present a fair lending risk for FinCo, as appropriate. This team shall develop follow-up steps to be followed in the event a marker or flag is detected. Additionally, service providers shall be subject to FinCo's due diligence, assessment, contract requirements, monitoring and remedial action (as applicable and necessary) set forth in FinCo's Service Provider Manual ("Service Provider Oversight Program"). The markers and flags shall be

- reviewed and evaluated by the team on an annual basis.
- c. Additionally, the monitoring requirements applicable to Service Providers and Dealers are set forth below under the section entitled "Monitoring."
5. Ensure that FinCo's FL Policy and FL Program are reviewed and updated as appropriate. The FL Officer shall review the FL Policy and FL Program on not less than an annual basis. In connection with that review, the FL Officer, shall report to the Compliance Committee its findings and conclusions on no less than an annual basis. Additionally, the FL Policy and FL Program shall be subject to FinCo's overall compliance review and updating process.

The FL Officer shall consider, in connection with its review and updating, the results from monitoring as discussed below in Section VII, and in particular, any indications of disparate treatment and/or disparate impact.

**C.** At a minimum, FinCo shall have policies and procedures that provide:

- 1. Personnel shall not discriminate in granting, withholding, extending, renewing, or in fixing the terms or conditions of any credit on the basis of race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.
- 2. Personnel shall not use any form of application for credit or use or make any record or inquiry which expresses, directly or indirectly, any limitation, specification, or discrimination as to race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.

3. Personnel shall not ask about birth control practices or whether an applicant is going to have children. Personnel may ask about the number and ages of an applicant's children or about dependent-related financial obligations or expenditures if the information is requested without regard to sex, marital status, or any other prohibited basis or non-discrimination category. Personnel shall not make assumptions, or use aggregate statistics, relating to the likelihood that certain categories of persons will have children or will, for that reason, receive less or interrupted income in the future.
4. Personnel shall not refuse to consider the source of a credit applicant's income, and shall not subject such an applicant's income to discounting, in whole or in part, because of an applicant's race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability.
5. Personnel shall not discriminate against a married person because such person does not use or is not known by the surname of his or her spouse.
6. Personnel shall not ask an applicant for information about a spouse or former spouse. However, if the applicant lives in a community property state, Personnel may ask for certain information about the spouse.
7. Personnel may ask whether the applicant will rely on alimony, child support, or separate maintenance payments from a spouse or former spouse as a basis for repaying the credit he or she is applying for. NOTE: Prior to doing so, the application must clearly explain, or if the application is taken verbally or the request occurs in a verbal discussion, the applicant must be told verbally, that this information is optional and that it does not need to be shared unless the applicant wants it considered in the credit decision.
8. Personnel shall not ask an applicant his or her nationality; but can inquire about permanent residency and immigration status. For example, an applicant's immigration status and ties to the community (like employment and continued

residency in the area) could bear on a creditor's ability to obtain repayment. Therefore, creditors may consider immigration status, and they may differentiate between a non-citizen who is a longtime resident with permanent resident status and a non-citizen who is temporarily in the U.S. on a student visa. A creditor must be careful not to arbitrarily deny credit to some aliens, and not others, merely on the grounds that the ones denied credit are not citizens.

9. If an applicant is of age to legally enter into and be bound by a contract, Personnel shall not discriminate on the basis of age. If an applicant is not of legal age, the application shall be declined.
10. Personnel shall not discount or exclude from consideration the income of an applicant or spouse because of a prohibited basis, non-discrimination category, or because the income comes from part-time employment or an annuity, pension, or other retirement benefit. However, Personnel may consider the amount and probable continuance of any income. When an applicant relies on alimony, child support, or separate maintenance payments in applying for credit, the creditor may consider the payments as income to the extent that they are likely to be consistently received by the applicant.
11. Personnel may consider whether an applicant's income is from a public assistance program only for the purpose of determining a pertinent element of creditworthiness, such as likelihood of continuation of income. This would be similar to how any other type of source of income would be evaluated.
12. Personnel shall not take into account whether there is a telephone listing in the applicant's name but may take into account whether there is a telephone in the applicant's residence.
13. Personnel shall not make any oral or written statement, in advertising or otherwise, to applicants or prospective applicants that would discourage them from applying for credit.

14. When using credit history to evaluate an applicant's creditworthiness, Personnel shall consider all of the following:
- The credit history of accounts that the applicant and spouse are permitted to use or for which both are contractually liable
  - On the applicant's request, any information the applicant provides to explain that the credit history does not accurately reflect the applicant's creditworthiness
  - On the applicant's request, the credit history of any account reported in the name of the applicant's spouse or former spouse that the applicant can demonstrate accurately reflects the applicant's creditworthiness
15. Personnel shall evaluate married and unmarried applicants by the same standards. If FinCo receives a joint application, the applicants shall not be treated differently based on the existence, absence, or likelihood of a marital relationship between the parties.
16. Personnel may consider state property laws directly or indirectly to the extent that they affect creditworthiness or the difficulty of recovering collateral upon default.
17. When an applicant is qualified for the applied-for credit, Personnel shall not require the signature of an applicant's spouse or other person, other than a joint applicant, on any credit instrument. Unless it is clear that an application is "joint," Personnel shall not assume that it is, even if the applicant submits information that includes details about a spouse or other person.
18. Personnel may request a cosigner, guarantor, endorser, or similar party if the applicant does not qualify separately for the applied-for credit, but shall not require that the additional party be the spouse.
19. With respect to advertising, marketing and otherwise seeking out customers, Personnel shall ensure that:
- a. Advertisements do not state racial or ethnic limitations;
  - b. Advertisements do not use code words or use photos that convey racial or ethnic limitations or preferences;

- c. FinCo not place an advertisement that a reasonable person would regard as indicating minority consumers are less desirable;
  - d. FinCo not advertise only in media serving predominantly minority or non-minority areas of the market;
  - e. FinCo not conduct other forms of marketing differentially in minority or non-minority areas of the market;
  - f. FinCo not market only through lead generators or other market representatives known to serve only one racial or ethnic group in the market;
  - g. FinCo not use a prohibited basis or non-discrimination category in any pre-screened solicitation; and
  - h. FinCo not provide financial incentives to its personnel to place applicants in less advantageous products.
20. Personnel may not do any of the following on a prohibited basis or non-discrimination category (*i.e.*, race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability):
- a. Refuse to deal with individuals inquiring about credit;
  - b. Discourage inquiries or applicants by delays, courtesy, or other means;
  - c. Provide different, incomplete, or misleading information about the availability of credit, application requirements, and processing and approval standards or procedures (including selectively informing applicants about certain credit options while failing to inform them of alternatives);
  - d. Encourage or more vigorously assist only certain inquirers or applicants;
  - e. Refer credit seekers to other institutions, to more costly credit products, or to products with potentially onerous features;
  - f. Waive or grant exceptions to application procedures or credit standards;
  - g. State a willingness to negotiate;
  - h. Use different procedures or standards to evaluate applications;

- i. Provide certain applicants opportunities to correct or explain adverse or inadequate information, or to provide additional information;
  - j. Accept alternative proofs of creditworthiness;
  - k. Require co-signers;
  - l. Offer or authorize modifications, deferrals, extensions, due date changes;
  - m. Impose or waive late charges and/or other fees;
  - n. Offer payment waivers, alternative payment options and/or settlements;
  - o. Handle skiptracing;
  - p. Initiate repossession or other collection remedies; or
  - q. Offer or handle redemptions, reinstatements or other policies that provide customers the right to retain collateral.
21. Personnel shall advise Dealer if an applicant meets FinCo's underwriting standards that would typically qualify him for an alternate credit product, and shall instruct the Dealer to notify the applicant.
22. Personnel shall advise Dealer if FinCo has a program wherein it refers applicants to an affiliate, and shall instruct the Dealer to notify the applicant.

## **VI. Internal Controls**

The FL Officer is responsible for establishing preventive and detective controls to ensure compliance with FL Laws and to mitigate risk of violating FL law ("fair lending risk(s)). Internal controls are implemented in all relevant areas of FinCo's operations, including, but not limited to:

- Advertising and Marketing
- Product<sup>1</sup> Development
- Dealer Relationships
- Application and Processing
- Credit Risk and Underwriting
- Pricing
- Targeted Marketing and Referral Programs
- Service Provider Relationships
- Servicing

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<sup>1</sup> All references to products shall include products and/or services.

- Account Maintenance
- Complaint Resolution
- Customer Retention
- Collections
- Loss Mitigation
- Repossession
- Bankruptcy
- Complaint Management
- Compensation
- Training

- A. Advertising and Marketing. The FL Officer shall be advised of all advertising and marketing materials, campaigns and promotions (collectively “Marketing Material”) prior to such being launched. Prior to the launch of any Marketing Material, the Advertising Personnel involved shall certify to the FL Officer that the FL Policy was considered and the Marketing Material is consistent with and does not violate FinCo’s FL Policy. Procedures for this copy review process, including a copy approval form, shall be established to ensure and document compliance.
- B. Product Development. The FL Officer shall be included in the new product development and existing product refinement process. Existing product refinement shall include any change, adjustment, variation, alteration, enhancement, or other modification of a product. Prior to the launch of any new product or refinement of an existing product, the Personnel involved shall certify to the FL Officer that the FL Policy was considered and that the new product and/or refinement to existing product are consistent with and do not violate FinCo’s FL Policy. Procedures for this review process, including an approval form, shall be established to ensure compliance.
- C. Dealer Relationships.
1. *Solicitation and Selection of Dealers.* FinCo shall solicit and select Dealers without regard to the race, creed or religion, color, national origin, age, sex, marital status, receipt of income derived from any public assistance program, good faith exercise of rights under the Consumer Credit Protection Act of 1968, sexual orientation, military status, familial status, or disability of the dealership’s owners or personnel, or of the population of the market area served by the Dealer.

2. *Establishment of Relationship with Dealers.* FinCo shall notify Dealers of FinCo's commitment to fair lending and relevant parts of FinCo's FL Program. FinCo shall inform Dealers that FinCo expects, and indeed demands, that Dealers comply with all FL Law. Further, FinCo's dealer agreement with Dealers shall set forth contractual obligations with respect to fair lending and remedies in the event of breaches.
3. *Maintenance of Relationship with Dealers.* FinCo shall reiterate to Dealers its commitment to fair lending and requirement for compliance with FL Law on no less than an annual basis, particularly with respect to credit applications forwarded to FinCo and resulting Contracts that FinCo purchases from Dealer.
4. *Compensation paid to Dealers for Contracts Purchased from Dealers.*
  - a. If FinCo has a program that pays Dealers participation (commonly referred to as a "mark-up" or "overage") in connection with the purchase of Contracts, FinCo shall establish a maximum participation amount that a Dealer may charge ("Participation Program").<sup>2</sup> FinCo shall have a maximum participation amount for every program that gives the Dealer the option of marking up the buy-rate provided by FinCo, to produce the final APR offered by the Dealer to an applicant and provided on a Contract.

In establishing the maximum participation amount, FinCo shall consider the potential for adverse effects on protected classes, as compared to non-protected classes.

FinCo shall also evaluate whether the program incentivizes Dealers to: (i) offer applicants higher-priced credit or other less advantageous terms, than those for which the applicant otherwise qualifies, (ii) offer higher priced or other less advantageous terms to a member of a protected class, or (iii) engage in any other unfair, deceptive or abusive act or practice.

Documents provided to Dealers about the program shall inform Dealers that they are prohibited from discriminating against any applicant on a prohibited basis or non-discrimination category, including, but not limited to marking up the buy rate in discriminatory manner on a prohibited basis or non-discrimination category. The documents shall also remind Dealers of FinCo's FL Policy.

- b. If FinCo has a program that pays Dealers a flat fee compensation in connection with the purchase of Contracts, FinCo shall not base the flat fee on a prohibited basis or nondiscriminatory category ("Flat Fee Program"). Additionally, if the program provides for multiple flat fee amounts depending upon the creditworthiness of the applicant, the terms of the Contract, or other factors ("Tiered Flat Fee Program"), FinCo shall evaluate whether the program incentivizes Dealers to: (i) offer applicants higher-priced credit or other less advantageous terms, than those for which the applicant otherwise qualifies, (ii) offer higher priced or other less advantageous terms to a member of a protected class, or (iii) engage in any other unfair, deceptive or abusive act or practice.

Documents provided to Dealers about the program shall inform Dealers that they are prohibited from discriminating against any applicant on a prohibited basis or non-discrimination category, including, but not limited to selecting a credit program in a discriminatory manner on a prohibited basis or non-discrimination category. The documents shall also remind Dealers of FinCo's FL Policy.

- c. If FinCo has a program that purchases Contracts on discount or charges a fee (e.g., origination fee, processing fee) to the Dealer to purchase the Contract ("Discount/Fee Program"), FinCo shall inform Dealers that they are not permitted to pass along, charge, or otherwise specifically recoup (*i.e.*,

increase the price of the vehicle for the amount of the discount or fee) the discount or fee from the customer. Additionally, FinCo shall evaluate whether the program incentivizes Dealers to: (i) offer applicants higher-priced credit or other less advantageous terms, than the applicant otherwise qualifies for, (ii) offer higher priced or other less advantageous terms to a member of a protected class, or (iii) engage in any other unfair, deceptive or abusive act or practice.

Documents provided to Dealers about the program shall instruct Dealers that they are not to discriminate against any applicant on a prohibited basis or non-discrimination category, including, but not limited to selecting a credit program in a discriminatory manner on a prohibited basis or non-discrimination category. The documents shall also remind Dealers of FinCo's FL Policy.

5. *Periodic Reviews of Contracts Purchased from Dealers.* FinCo will conduct periodic reviews of Contracts purchased from Dealers as follows: If a Contract is purchased under a Participation or Tiered Flat Fee Program, prior to funding the applicable Contract, to the extent reasonably possible, FinCo shall determine whether the applicant/consumer is within a protected class. If the applicant/consumer is within a protected class, FinCo shall review the terms of the Contract against the typical terms provided to a non-protected class member of similar creditworthiness. If there is an unexplained disparity on a prohibited basis (e.g., the terms for the protected class applicant/consumer are less advantageous as compared to the non-protected class member), FinCo shall rectify the disparity (e.g., unilaterally modify the terms of the Contract to be consistent with those of the non-protected class member). As appropriate, this rectification shall be communicated to the applicant/consumer via a Truth-in-Lending ("TILA") correction letter or contract modification, depending upon the specific terms modified and what is required under TILA and applicable state law. If the applicant/consumer has otherwise been injured, FinCo shall determine whether other remuneration is appropriate; and if appropriate, shall

promptly remunerate the consumer. FinCo shall consider whether corrective action is appropriate against the applicable Dealer; and if appropriate, shall promptly apply it.

FinCo shall consider whether its findings under the periodic review warrant review of other Contracts purchased from the applicable Dealer. FinCo shall also consider whether any of the foregoing findings indicate a systemic issue – one that is not limited to a particular Dealer or particular Contracts. Based on these analyses and findings, FinCo shall consider whether: (i) corrective action is appropriate against applicable Dealer(s), (ii) remuneration is appropriate for affected applicant/consumer(s) and/or (iii) changes are required to any part of FinCo's FL Program, including, but not limited to, a policy or credit program.

6. *Review of Fair Lending Complaints, Claims and Litigation Against Dealers.* Dealers shall be required to report, on not less than an annual basis, and upon request, to notify FinCo of any complaints, claims, or litigation involving alleged or actual fair lending issues, allegations or violations.
7. *Corrective Action with respect to Dealers.* Corrective action may include, but is not limited to: (i) reminding Dealer of FinCo's commitment to fair lending, FinCo's FL Policy and Dealer's certification to FinCo in this regard, (ii) providing Dealer with additional materials on fair lending laws and obligations, (iii) requiring Dealer (and Dealer personnel) to go through appropriate fair lending training, (iv) restricting or eliminating a Dealer's involvement and/or participation in a program(s) (e.g., reducing/eliminating discretion to markup a buy rate, or withdrawing Dealer from a program), (v) refusing to purchase Contracts from the Dealer, or (vi) other appropriate action.

#### D. Application and Processing.

1. *Applications.* FinCo shall periodically review its credit application to ensure compliance with FL Law, which in no event shall be less than on an annual basis.
  2. *Processing.* FinCo shall require that all applications be sent to FinCo via any FinCo approved application processing system, its website portal or by facsimile. If an application is received and it is complete, FinCo shall evaluate it and make a credit decision.
  3. *Documentation.* Personnel shall only use the documents specified by FinCo's Credit Department for evaluating and processing applications, including underwriter worksheets, forms documenting exceptions, and forms used to collect information about applicants including all aspects of FinCo's Application Processing Management system ("APM") which utilizes scripts and pre-programmed qualifiers to evaluate applications.
  4. *Online/ Internet Credit Application Processes.* The FL Officer shall be advised of all online credit evaluation related processes, content and materials, including: (i) solicitations to apply online, via telephone, in-person or otherwise, (ii) the online credit application, or (iii) content about the online application process, or about any of FinCo's application methods (collectively "Online Application") prior to such being launched and/or changed. Prior to the launch/change of any Online Application, the Personnel involved shall certify to the FL Officer that the FL Policy was considered and the Online Application is consistent with and does not violate FinCo's FL Policy. Procedures for this review process, including a review approval form, shall be established to ensure compliance.
- E. Credit Risk and Underwriting. The FL Officer shall review FinCo's credit risk and underwriting criteria, including any credit scoring system information, on no less than on an annual basis. The FL Officer shall be advised whenever the credit risk and/or underwriting are changed, and assess whether the proposed change(s) violates a FL Law, creates a fair lending risk, and is compatible with FinCo's fair lending culture. If the change(s) does not violate a FL Law, but creates or increases a fair lending risk, the FL Officer shall consult with the Credit Officer,

Compliance Officer and Chief Executive Officer to determine how to proceed.

The FL Officer shall consider, in connection with its review of the credit risk and underwriting criteria, the results from monitoring as discussed below in Section VII, and in particular, any indications of disparate treatment and/or disparate impact.

If FinCo has a credit scoring system (*i.e.*, scorecard), the system shall be:

- Based on data that is derived from an empirical comparison of sample groups or the population of creditworthy and non-creditworthy applicants who applied for credit within a reasonable preceding period of time;
- Developed for the purpose of evaluating the creditworthiness of applicants with respect to the legitimate business interests of FinCo utilizing the system (including, but not limited to, minimizing bad debt losses and operating expenses in accordance with FinCo's business judgment);
- Developed and validated using accepted statistical principles and methodology; and
- Periodically revalidated by the use of appropriate statistical principles and methodology and adjusted as necessary to maintain predictive ability.

The foregoing information shall be documented and maintained by the Credit Department and a copy provided to the FL Officer.

F. Pricing. The FL Officer shall review FinCo's pricing on no less than an annual basis. The FL Officer shall be advised whenever pricing is changed, and assess whether any proposed change violates a FL Law or creates a fair lending risk. If the change(s) does not violate a FL Law, but creates or increases a fair lending risk, the FL Officer shall consult with the Credit Officer, Compliance Officer and Chief Executive Officer to determine how to proceed.

The FL Officer shall consider, in connection with its review of the credit risk and underwriting criteria, the results from monitoring as discussed below in Section VII, and in particular, any indications of disparate treatment and/or disparate impact.

G. Targeted Marketing and Referral Programs. The FL Officer shall be advised of all targeted marketing and referral programs during their development (collectively "Marketing and Referral Programs"). Prior to the launch of any Marketing and Referral Program, the Personnel involved shall certify to the FL Officer that the FL Policy was considered and the Marketing and Referral Programs are consistent with and do not violate FinCo's FL Policy. Procedures for this copy review process, including a copy approval form, shall be established to ensure compliance.

H. Service Providers. FinCo shall notify its service providers of FinCo's commitment to fair lending, and provide them with a copy of FinCo's FL Policy (and relevant parts of FinCo's FL Program, as applicable). FinCo shall inform service providers that FinCo requires that service providers comply with all FL Law. Service Providers shall be required to certify to FinCo that they are committed to fair lending and complying with FL Law. Service providers shall be subject to FinCo's Service Provider Oversight Program.

I. Servicing and Collection.

1. Personnel involved in servicing accounts, collection, loss mitigation, repossession and bankruptcy shall generally not have access to data that may reveal prohibited basis and non-discrimination categories information about a customer ("Protected Data"). The FL Officer and Senior Vice President of Collections shall determine what Personnel, if any, need access to the Protected Data to perform their job duties.
2. FinCo shall establish policies and procedures defining the rules and parameters for the various servicing and collection functions. These rules and parameters shall address the type and amount of discretion that each job category of Personnel has in applying the policies, along with escalation policies for exceptions.
  - a. The issues include, but are not limited to, processing times, posting of payments, enrolling in or cancelling automatic payments, granting access privileges to additional persons, address changes, name changes, due date changes, requests for account documentation, responding to inquiries,

waiving of fees (including late fees), assessing of fees (including late fees), credit reporting issues, authorizations to travel outside of the country with the vehicle, modifications, deferrals, extensions, payment waivers, payment promises, alternative payment options, offering of loss mitigation options, settlements; skiptracing, the application of Servicemembers Civil Relief Act benefits, payoff quotes, lien release assistance, initiation of repossession or other collection remedies; offering or handling of right to cures, redemptions, reinstatements or other policies that provide customers the ability to cure a default and/or retain the collateral, bankruptcy issues, and the application of exceptions to established policies in connection with servicing.

- b. As appropriate, scripts shall be developed and used to implement the policies. For example, a script shall be developed to clearly and fully disclose to customers the available loss mitigation options, the costs of each option (as applicable), and the risks involved. The FL Officer shall be involved in the development, personnel training and implementation of the scripts to identify and address fair lending issues prior to script implementation. FinCo shall have the script periodically reviewed for compliance with applicable law.
3. To ensure all customers are treated equally in the servicing and collection of accounts, FinCo shall monitor and review calls to identify and address concerns relating to the treatment of customers in its servicing and collection of accounts.
  - a. The issues include, but are not limited to, processing times, posting of payments, enrolling in or cancelling automatic payments, granting access privileges to additional persons, address changes, name changes, due date changes, requests for account documentation, responding to inquiries, waiving of fees (including late fees), assessing of fees (including late fees), credit reporting issues,

authorizations to travel outside of the country with the vehicle, modifications, deferrals, extensions, payment waivers, payment promises, alternative payment options, offering of loss mitigation options, settlements; skiptracing, the application of Servicemembers Civil Relief Act benefits, payoff quotes, lien release assistance, initiation of repossession or other collection remedies; offering or handling of right to cures, redemptions, reinstatements or other policies that provide customers the ability to cure a default and/or retain the collateral, bankruptcy issues, and the application of exceptions to established policies in connection with servicing.

4. Exceptions from established policies and procedures shall be logged and tracked. The FL Officer and Senior Vice President of Collections shall monitor and analyze the frequency, types of and generally the use of exceptions to, at a minimum: (i) understand how exceptions are being used, (ii) determine whether the exceptions are appropriate, and (iii) determine whether there is a need to (1) adjust policies and procedures (e.g., the frequency of exceptions indicate that the exceptions are really the policies), (2) increase or adjust training (e.g., to train how the exceptions should be applied), (3) discipline for inappropriate exceptions, and/or (4) otherwise respond.
5. Prior to the launch of any incentive, compensation and/or bonus program for employees that service accounts when the incentive/compensation/bonus payment or benefit may encourage or otherwise result in Personnel treating customers differently on factors unrelated to the rules/parameters of the policy ("Servicing Incentive program"), the FL Officer shall be advised. The Personnel involved shall certify to the FL Officer, prior to launch, that the FL Policy was considered and the Servicing Incentive Program is consistent with and does not violate FinCo's FL Policy. Procedures for this review process, including a copy approval form, shall be established to ensure and document compliance.
6. If FinCo has a scoring model (*i.e.*, scorecard) for servicing or collection, the system shall be:

- Based on data derived from an empirical comparison of sample groups or the population of performing and non-performing consumers within a reasonable preceding period of time;
  - Developed for the purpose of predicting the collectability of consumers with respect to the legitimate business interests of FinCo using the system (including, but not limited to, minimizing bad debt losses and operating expenses in accordance with FinCo's business judgment);
  - Developed and validated using accepted statistical principles and methodology; and
  - Periodically revalidated by the use of appropriate statistical principles and methodology and adjusted as necessary to maintain predictive ability, including reviewing the underlying factors, principles, strategies and policies.
- J. Complaint Management. FinCo shall maintain a record of any complaints it receives with respect to fair lending (e.g., complaints that allege discrimination on any prohibited basis or other non-discrimination category, or that allege a pricing concern), including any such complaints relating to Dealers.
1. Any fair lending complaint shall be referred to the FL Officer. The FL Officer shall review the complaint and relevant facts, and work with executive management to resolve the matter with the applicant or customer. Additionally, the FL Officer and executive management shall assess the matter to determine what action should be instituted, including, but not limited to, reviewing and/or making a change(s) to FinCo's FL Program.
  2. The FL Officer shall receive reports from FinCo's Complaint Resolution System as to fair lending related complaints. The FL Officer shall analyze the complaint data, along with litigation trends, to identify any trends in the volume, type and frequency of complaints. This information shall be used to detect and mitigate any risks that relate to compliance with FL Law. The results and findings shall be included in reports to the Audit Committee on fair lending matters.
- K. Compensation. All Personnel who are involved in creating and/or modifying compensation and incentive programs shall

receive fair lending training. The FL Officer shall be advised of all compensation and incentive programs (collectively "Compensation") prior to being launched. Prior to the launch of any Compensation, the Personnel involved shall certify to the FL Officer that the FL Policy was considered and the Marketing Material are consistent with and do not violate FinCo's FL Policy. Procedures for this copy review process, including a copy approval form, shall be established to ensure and document compliance.

- L. Training. The FL Officer shall ensure that a training program is implemented for all Personnel, as appropriate in light of their job duties and FinCo's fair lending risks, to receive appropriate training. Please see the training requirements set forth under the "Policies and Procedures" section. Additionally, the FL Program training shall be subject to FinCo's overall training program.

## VII. Monitoring

- A. Overall Considerations. With respect to any monitoring, review, testing or audit contemplated or conducted, the FL Officer shall consider the following factors:
  - a. Whether it should be conducted pursuant to the advice and supervision of counsel.
  - b. Whether the results, reports, work papers or associated documentation must be disclosed to a regulator upon request, or are privileged under § 1002.15 of Regulation B.
- B. Fair Lending Monitoring. The FL Officer shall monitor on an ongoing basis FinCo's implementation of and adherence to the policies and procedures of the FL Program. Such monitoring shall consist of each of the following:
  1. Monitoring FinCo's policies and procedures to ensure they are updated or revised as necessary.
  2. Monitoring FinCo's training programs, including for relevant service providers, to ensure that they provide appropriate training with respect to fair lending, and to

ensure that those programs and materials are updated or revised as necessary.

- C. Complaint Reviews. The FL Officer shall monitor and review on an ongoing basis customer complaints involving fair lending issues, including with respect to a Dealer or service provider.
- D. Litigation Reviews. The FL Officer shall monitor and review on an ongoing basis, litigation involving fair lending issues, including with respect to a Dealer or service provider.
- E. Periodic Monitoring of Transactions. The FL Officer shall conduct random secondary reviews of credit decisions – underwriting and pricing – to ensure they are consistent with FL Policy and do not present any fair lending issues, as well as for indicators of disparate treatment or disparate impact. These reviews shall be conducted on a periodic basis, which in no event shall be less than semi-annually.
- F. Periodic Monitoring of Exceptions. The FL Officer shall conduct random secondary reviews of exceptions – underwriting and pricing – to ensure they are consistent with FL Policy and do not present any fair lending issues, as well as for indicators of disparate treatment or disparate impact. These reviews shall be conducted on a periodic basis, which in no event shall be less than semi-annually.
- G. Fair Lending Risk Assessments. FinCo shall determine whether a fair lending risk assessment is appropriate given its size, complexity, products, portfolio size and other appropriate factors.
  - a. Risk assessment is defined as an effort to identify and measure the risk inherent in the creditor's credit extension processes and to determine what control and monitoring mechanisms are in place to protect against illegal discrimination.
    - i. Excessive risk can expose FinCo to reputational risk, civil investigative demands, enforcement actions, fines, restitution, civil money penalties, cease and desist orders, civil litigation, and other potential liabilities.

- b. Risk assessments identify risks and provide clues as to how to minimize/avoid risk. There are three primary sources of fair lending risk:
  - i. Overtly discriminatory policies and practices.
  - ii. Application of a neutral (*i.e.*, nondiscriminatory) policy that has a discriminatory effect.
  - iii. Adverse use of discretion in the credit process on a prohibited basis.
- c. Regulators consider the following factors to identify the goals of risk assessments (*i.e.* scope). The following factors should be considered when identifying the scope and conducting the risk assessment (“RA Factors”):
  - i. Products – complexity of products, complexity of product offering & delivery channels;
  - ii. Markets and demographics;
  - iii. Decision centers (*i.e.*, how and who is involved in making credit and pricing decisions);
  - iv. Timeframe; and
  - v. Prohibited basis and control groups.
- d. The methodology used consists of a qualitative assessment of inherent risk, an evaluation of the effectiveness of the control environment, and assessment of residual risk.
  - i. Inherent risk is the identification of risk before the consideration of internal controls.
  - ii. Residual risk is the risk derived from assessing the inherent risk and business risk after considering the effectiveness of the control environment.
- e. The purpose of the risk assessment is additionally designed to identify processes or areas with the highest residual fair and responsible lending risk. The results are also used to allocate resources and to adjust the FL Program to meet new and emerging risks.
- f. Steps for Risk Assessment:
  - i. Inventory all areas where risk is possible.
  - ii. Review the following items, and in doing so consider the RA Factors.
    - 1. Written policies and procedures
    - 2. Compliance Committee reports
    - 3. Training records

- iii. Because discretion increases risk, assess discretion in underwriting and pricing, and in doing so consider the following:
  - 1. Frequency and significance/impact of discretion;
  - 2. Controls in place to limit discretion;
  - 3. Monitoring efforts with respect to discretion; and
  - 4. Compensation and/or incentives that may influence discretion.
- iv. Review overall structure of FL Program and executive management's involvement
  - 1. Level of involvement by executive management;
  - 2. Structure, management and oversight of FL Program;
  - 3. Independence of FL Officer and FL internal controls.
  - 4. Resources dedicated to the FL Program;
  - 5. Role of monitoring, testing and reviews;
  - 6. Sufficiency and effectiveness of training;
  - 7. Review sufficiency and effectiveness of complaint resolution process; and
  - 8. Consider any acquisitions or mergers and effect on above-mentioned.
- v. Review credit approval/decline (*i.e.*, underwriting) process and criteria – scorecard and judgmental components, including characteristics, factors and variables considered.
  - 1. Consider subjectivity and discretion.
  - 2. Consider exceptions – frequency, guidelines for, re-evaluation of.
- vi. Review pricing process and criteria.
- vii. Identify and evaluate mitigating internal controls.
- viii. Identify and evaluate role of service providers and Dealers.

- g. In the event it is determined that risk assessments are appropriate:
- i. The FL Officer shall be responsible for performing qualitative risk and quantitative risk assessments.
  - ii. The FL Officer shall decide the appropriate frequency of performing and updating the risk assessments.
  - iii. The FL Officer, together with executive management shall determine the appropriate uses of the risk assessment.
  - iv. The FL Officer shall prepare a risk assessment report to be submitted to the Compliance Committee, describing the areas evaluated, the level of risk in each and other findings.

H. Comparative File Analysis. FinCo shall deliberate and determine whether a comparative file analysis is appropriate given its size, complexity, products, portfolio size and other appropriate factors.

- I. Transactional Testing. FinCo shall deliberate and determine whether transactional testing is appropriate given its size, complexity, products, portfolio size and other appropriate factors.
- J. Self-tests/Self-evaluations. FinCo shall deliberate and determine whether self-tests and/or self-evaluations are appropriate given its size, complexity, products, portfolio size and other appropriate factors.
- K. Regression Analysis. FinCo shall deliberate and determine whether statistical/regression analysis is appropriate given its size, complexity, products, portfolio size and other appropriate factors.
- L. Monitoring of Service Providers and Dealers. Please see under "Internal Controls" the sections applicable to Dealers and service providers. Please see also the section below entitled "Monitor Personnel that are service providers and Dealers, to ensure compliance with FinCo's FL Program and FL Policy." for Dealers and service providers.
- M. Independent/Third-Party Audits or Reviews. FinCo shall deliberate and determine whether independent/third-party audits

- and/or reviews are appropriate given its size, complexity, products, portfolio size and other appropriate factors.
- N. Reporting to the Compliance Committee. As part of its periodic compliance reports to the Compliance Committee, the FL Officer shall include a discussion of the FL Program, fair lending performance, overall effectiveness of FL Program, regulatory developments and emerging issues, and critical areas of risk.
- O. Additional Analyses. The FL Officer, together with executive management, shall consider whether the results/findings under any of the above-described monitoring warrant further review or analysis, or potentially indicate a systemic issue(s).
- P. Remuneration and Corrective Action. Depending upon the results/findings of any of the above-described monitoring or the results of any additional review/analyses, the FL Officer, together with executive management, shall consider whether:
- (i) corrective action is appropriate, (ii) remuneration is appropriate for affected applicant/consumer(s), and/or (iii) changes are required to FinCo's FL Program.

## **VIII. Audit and Compliance Reviews**

The FL Program shall be subject to the compliance audit and compliance testing set forth in FinCo's Compliance Audit and Testing Manual ("Compliance Audit and Testing Program").

## **IX. Training**

All FinCo employees that work in the area of marketing/advertising, credit evaluation (analysis, underwriting, sales, making credit decisions), servicing accounts, collection of accounts or who otherwise interact with consumers or develop financial products/services, are to receive initial, as well as, periodic and recurring training, on the laws and regulations pertaining to (i) fair lending, including the prohibition on discriminating on a ECOA prohibited basis or other non-discrimination category, (ii) FinCo's FL Program and FL Policy, and (iii) FinCo's policies and procedures intended to reduce FinCo's risks of violating FL Laws.

Also, board members and executive management are to receive the above-described initial, as well as, periodic and recurring training.

The initial training shall be conducted within 30 days of an employee's hire date, and the periodic and recurring training shall occur at least annually thereafter, or more frequently as changes in FL Laws or identified fair lending concerns may require.

The training programs and materials shall include specific instruction concerning the requirements of applicable FL Laws and the obligations of all Personnel to comply with those requirements. The training program shall include certification by Personnel that they understand and commit to uphold the applicable fair lending principles. The FL Officer shall oversee the development, implementation and maintenance of the fair lending training programs and materials, including, reviewing the material prior to implementation and establishing a process whereby the materials and program are updated to reflect changes in the law, developments and trends relating to fair lending and changes, and developments in FinCo's operations and Products. The FL Officer shall ensure the fair lending material and program are reviewed at least annually. In the event of such changes or developments, the FL Officer shall provide affected personnel with updated information concerning the fair lending requirements relevant to their responsibilities.

FinCo shall request confirmation from all relevant service providers annually that they have implemented FL training.

## **X. Recordkeeping**

FinCo must retain the original or a copy of the following records:

- A. For Applications. FinCo shall retain the following for 25 months after notice is provided to the applicant of the action taken or a notice of incompleteness is provided to the applicant: (i) any application received and any other written or recorded information used in evaluating the application that was not returned to the applicant at the applicant's requests; (ii) the notification of the action taken by FinCo; (iii) a statement of the specific reasons for any adverse action taken concerning the applicant; and (iv) any written statement received from the applicant alleging a violation of the ECOA or its implementing Regulation B.
- B. For Other Applications. FinCo shall retain the following for 25

months following the date on which FinCo receives an application for which an adverse action notice is not required (e.g., when an applicant withdraws an application before FinCo has made a decision concerning the application): all written or recorded information in FinCo's possession concerning the applicant, including any notation of FinCo's action.

- C. With Regard to Enforcement Proceedings. FinCo shall retain the following **beyond** 25 months if FinCo has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the ECOA or its implementing Regulation B. FinCo shall retain this information until final disposition of the matter unless an earlier time is allowed by agency order or court order.
- D. For Self-Tests. FinCo shall retain the following for 25 months after a self-test is completed: all written or recorded information concerning the self-test. This information shall be retained beyond 25 months if FinCo has actual notice that it is under investigation or is subject to an enforcement proceeding for an alleged violation of the ECOA or its implementing Regulation B. FinCo shall retain this information until final disposition of the matter unless an earlier time is allowed by agency order or court order.
- E. For Prescreened Solicitations. FinCo shall retain the following for 25 months after the date on which an offer of credit is made to prescreened customers: (i) the text of any prescreened solicitation; (ii) the consumer report selection criteria used to select the consumer to receive the credit offer; and (iii) any correspondence related to complaints about the solicitation. The foregoing requirement meets FinCo's obligations under Regulation B, which implements the ECOA, but does not satisfy the retention requirements applicable to prescreened programs under the federal Fair Credit Reporting Act. To meet the FCRA's requirements, FinCo must retain the following for 3 years following the date on which the offer of credit is made to the consumer: (i) the consumer report selection criteria used to select the consumer to receive the offer; (ii) all criteria bearing on creditworthiness that forms the basis for determining whether or not to extend credit to the consumer pursuant to the offer; and (iii) any requirement for the furnishing of collateral as a condition of the extension of credit.

## XI. Periodic Review

In addition to the specific periodic reviews provided throughout this manual, the FL Officer shall review the FL Policy and FL Program annually to ensure that it remains current (taking into consideration, at a minimum, changes and developments in the law, changes and developments in FinCo's operations, industry best practices, audit/testing results, results/lessons learned from internal controls, complaint data, FinCo's litigation, and a study/analysis of exceptions). In connection with this annual review, the FL Officer shall ensure that a legal review is conducted.

## XII. Revision History

Any changes or modification to this document must be logged in the Revision History table that follows.

Version	Effective Date	Name & Title of Person Making Changes	Name & Title of Person Approving Changes	Description & Comments
	6/6/2013	Anita Cagle, Compliance and FL Officer		Per HudCo revisions dated 5/30/13
	5/28/2014	Anita Cagle, Compliance Officer	Martin Less	Correct Dealer Relationships Section C
	8/18/2014	Anita Cagle, Compliance Officer		Formatting and missing text under Section VI. C. 7. And misc. typos.