STATE OF WASHINGTON

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES
P.O. BOX 41200, Olympia, Washington 98504-1200
150 Israel Road SW, Tumwater, WA 98501

DESIGNATED BROKERS QUESTIONNAIRE

All licensees must complete the Designated Brokers Questionnaire (DBQ). All questions are to be answered. If not applicable, insert N/A or check the box marked N/A. If there is inadequate space or attachments are required, attach additional sheets or material to this questionnaire and reference the section to which it refers.

GENERAL INFORMATION

1. State the principal name under which the licensed entity has been organized:

   _____

2. License #

   _____

3. List all "doing business as" or "trade names" under which residential mortgage business is conducted:
   If the company does not have any trade names or DBAs—check the box as not applicable ☐

   _____

4. Provide the following information for the contact person for this examination:

   Name and title: _____

   Address: _____

   Telephone number: _____

   Facsimile number: _____

   E-mail address: _____

5. (a) Provide the principal office physical address:

Street: _____

City & State: _____

Zip Code: _____

Facsimile number: _____

E-mail address: _____

Website Address: _____

b) Provide the mailing address if different than (a) above:

_____

c) Provide the address where the residential mortgage books and records are maintained if different than (a) above:

_____

d) Provide the address where the accounting records are maintained if different than (a) above:

_____

e) Provide the address where mortgage servicing records are maintained if different than (a) above:

If the company does not service loans—check the box N/A ☐

_____

f) If your loan files are imaged explain the type of software system used and how it can be accessed either at your licensed location or from the offices of the State.

If your company does not image loan documents—check the box N/A ☐

_____

6. How is the licensee organized:

☐ Sole Proprietorship
☐ Partnership
☐ Corporation
☐ Limited Liability Company

☐ Other (specify) _____

7. List the name, title, and responsibilities of all officers, principals, partners, owners, directors and 10% or greater stockholders of the licensee on page 10—**Schedule A**.

_____

8. Does the licensee or any officer, principal, partner, owner, director or employee own more than 1% of the following service providers, or do any of these service providers own 1% or more of the licensee?

Type of Company	YES	NO
Title Company	☐	☐
Appraisal Company	☐	☐
Real Estate Company	☐	☐
Credit Reporting Company	☐	☐
Credit Counseling Company	☐	☐
Credit Service Company	☐	☐
Insurance Company	☐	☐
Securities Company	☐	☐
Builder	☐	☐
Home Improvement Contractor	☐	☐
Real Estate Developer	☐	☐
Escrow Company	☐	☐
Any other settlement service provider	☐	☐
Bi-Weekly or Amortization Reduction Company	☐	☐
Notary Service or Signing Service Company	☐	☐

If YES to any of the companies on the previous page, complete attached **Schedule B**.

TYPE OF BUSINESS

9. a) Indicate the type(s) of residential mortgage and personal loan business in which the licensee is engaged:

☐ First Mortgage Brokering
☐ Table Funded First Liens
☐ First Mortgage Lending
☐ First Mortgage Servicing
☐ Other
☐ Secondary/Junior Mortgage Brokering
☐ Table Funded Secondary/Junior Liens
☐ Secondary/Junior Mortgage Lending
☐ Secondary/Junior Mortgage Servicing

b) TOTAL LOANS MADE

	YEAR TO DATE		PREVIOUS CALENDAR YEAR	
	NUMBER	AMOUNT	NUMBER	AMOUNT
Brokered loans				
Table Funded loans				
Loans Made				
TOTALS				

c) TOTAL BROKERED LOANS BY TYPE

	YEAR TO DATE		PREVIOUS CALENDAR YEAR	
	NUMBER	AMOUNT	NUMBER	AMOUNT
First Lien Mortgages				
Second Lien Mortgages				
Personal Loans				
Sales Finance Contracts				
TOTALS				

d) TOTAL LOANS MADE AS A LENDER BY TYPE

	YEAR TO DATE		PREVIOUS CALENDAR YEAR	
	NUMBER	AMOUNT	NUMBER	AMOUNT
First Lien Mortgages				
Second Lien Mortgages				
Personal Loans				
Sales Finance Contracts				
TOTALS				

Licensee must provide supporting documentation for all loans included on questions 9. (a) through 9.(d), i.e. the general ledger report.

10. Is any business other than residential mortgage loan business conducted at the licensee's office locations? ☐Yes ☐No

    If YES, provide the nature of the business(es) and the location(s).

    _____

11. Has licensee been approved with any of the following during the past (3) years?

    ☐ FNMA ☐ FHA
    ☐ GNMA ☐ VA
    ☐ FHLMA

    If any boxes were checked, state the date of approval, and the date the approval was surrendered, restricted, or removed (if applicable)

    _____

12. During the past three (3) years, has licensee had consumers sign a security agreement or a promissory note for residential mortgage loans, prior to all conditions being satisfied to fund the loan, a practice often referred to as conditional or accommodation closings? ☐Yes ☐No

ORIGINATION

13. What was licensee's main source of business during the past three (3) years?

    ☐ Internet ☐ Trade Publications
    ☐ Referral ☐ Telephone Solicitation
    ☐ Print Advertisement ☐ Third party loan brokers
    ☐ Television/Radio Advertisements ☐ Other (specify) _____

14. Have any independent entities brokered residential mortgage loans to licensee during the past three (3) years? ☐Yes ☐No

If YES, provide the name(s) and address(es) of the independent entities.

_____

15. Has licensee received monies, prior to loan closings, from consumers during the past three (3) years? ☐Yes ☐No

If YES, state the types of fees and how the fees are handled: include types of accounts funds are held in and where appropriate, include the details of the process used.

_____

SALE OF LOANS AND LOAN FUNDING

16. a) What percentage of loans originated in the past twelve months have been sold into the secondary market? If the company does not fund or sell loans—check N/A ☐ _____%

b) What percentage of those loans were sold with recourse? If no loans were sold—check N/A ☐ _____%

17. Are all warehouse lines of credit repaid directly by the investor? ☐Yes ☐No ☐N/A
If the company does not maintain warehouse lines—check N/A

If NO, provide details.

_____

18. During the past three (3) years, has licensee made or brokered any loans, which defaulted within the first three (3) months? ☐Yes ☐No

If YES, provide details.

a) List the names and addresses of all brokers, finders, or arrangers who are affiliated with and originate and broker loans to licensee for a fee.

b) List the names and addresses of other brokers, finders, or arrangers who are not affiliated with the licensee, but have agreements to originate and broker loans to the licensee for a fee.

_____

20. Has the licensee had any warehouse lines of credit or other borrowings terminated within the past three (3) years? ☐Yes ☐No

If YES, provide details.

21. Has the licensee been requested or required to repurchase any mortgage loan, pay a settlement in lieu of repurchasing the mortgage loan, or return a yield spread premium to a lender/investor within the past three (3) years? ☐Yes ☐No

If YES, provide details.

22. Has the licensee been required to execute an indemnity agreement on any mortgage loan during the past three (3) years? ☐Yes ☐No

If YES, provide details.

SERVICING

If the company does not service residential mortgage loans. Skip to question no. 25.

23. Does the licensee maintain any borrower escrow accounts for property taxes, homeowners insurance, or any other purpose, in connection with its servicing of residential mortgage loans? ☐Yes ☐No

24. Does the licensee service residential mortgage loans for others? ☐Yes ☐No

REPORTING

25. Is the entity required to file a HMDA (Home Mortgage Disclosure Act) Report with the Department of Housing and Urban Development (HUD)? ☐Yes ☐No

If YES, please attach a copy of the filing confirmation receipt and an electronic copy of the Loan Application Register as provided to HUD.
If NO, explain why the report is not filed.

CIVIL, CRIMINAL, AND ADMINISTRATIVE ACTIONS

26. Has the licensee or any officer, principal, partner, owner, director or employee been denied a license/registration or approval by any state or federal governmental agency to engage in any regulated activity within the past three (3) years? ☐Yes ☐No

If YES, provide details and copies of applicable documentation.

a) Has the licensee been the subject of material litigation or any litigation related to consumer protection issues? ☐Yes ☐No
If YES, provide details.

27. Has the licensee or any officer, principal, partner, owner, director or employee had a license/registration, to engage in any regulated activity, suspended or revoked or otherwise restricted by any state or federal governmental agency within the past three (3) years? ☐Yes ☐No

If YES, provide details and copies of applicable documentation.

28. a) Has the licensee or any officer, principal, partner, owner, director or employee been the subject of any administrative action by any state or federal governmental or regulatory agency within the past three (3) years? ☐Yes ☐No

b) Has any such administrative action resulted in the payment of fines or penalties? ☐Yes ☐No ☐N/A

c) Has any such administrative action resulted in required consumer refunds? ☐Yes ☐No ☐N/A

If YES to any of the above, provide details and copies of applicable documentation.

d) Is the licensee currently under investigation by either a state or federal government? ☐Yes ☐No
If yes, by whom?

29. a) Has the licensee or any officer, principal, partner, owner, director or employee been a defendant or been indicted in any criminal or civil litigation initiated during the past three (3) years? ☐Yes ☐No

b) Has there been a conviction or judgment that has resulted from the litigation referenced in paragraph 28 a)? ☐Yes ☐No ☐N/A

If YES to any of the above, provide details and copies of applicable documentation.

30. Has any officer, principal, partner, owner, director or employee criminally misused, embezzled, absconded with or willfully misapplied any funds or valuables for which the licensee was responsible during the past three (3) years? ☐Yes ☐No

If YES, provide details and copies of applicable documentation.

31. Has the licensee had a claim filed against its surety bond, letter of credit, bond substitute, or other similar instrument during the past three (3) years? ☐Yes ☐No

If YES, provide details and copies of applicable documentation.

FINANCIAL INFORMATION

32. When does the licensee's fiscal year end?

_____

33. Has the licensee's fiscal year end changed in the last three (3) years? ☐Yes ☐No

    If YES, provide details.

_____

34. How frequently are un-audited financial statements prepared?

35. Is an internal auditor employed by the licensee? ☐Yes ☐No

    If YES, describe the reporting procedure and the audit program used.

_____

36. Is the licensee currently delinquent (more than 90 days past due) on any account owed to any creditor or vendor? ☐Yes ☐No

    If YES, provide a list of the creditors and vendors, the amount of the delinquency, and the reason for the delinquency.

_____

37. Has any corporate stock or asset of the licensee been pledged to secure the indebtedness of any other entity during the past three (3) years? ☐Yes ☐No

    If YES, provide details.

_____

38. Is the licensee, on its own behalf, or any officer, principal, partner, owner, director or employee, on the licensee's behalf, contingently liable to a bank, finance company, factor or other as endorser, guarantor, or otherwise? ☐Yes ☐No

    If YES, provide details.

_____

39. How does the licensee manage or hedge interest rate risk?

If the Company does not set up rates based on secondary market factors – Check the box N/A ☐

TRUST ACCOUNTING

40. Does the MB collect payments from consumers for credit reports, appraisals, or any other third party fees? ☐Yes ☐No

If YES; provide the trust account information in the schedule "I" on page 13

41. Does the licensee pass through the cost of the credit reports to the consumers? ☐Yes ☐No
If YES; and the MB answered NO to question 40 above, provide an explanation how the credit report fee is paid to the third party.

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42. Does the licensee pass through the cost of the appraisal to the consumer? ☐Yes ☐No

If YES; and the MB answered NO to question 40 above, provide an explanation how the appraisal report fee is paid to the third party.

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43. Has the MB received third party payments from escrow when escrow should have disbursed the fees to the third party? ☐Yes ☐No

If YES and the MB answered No to question 40 above, provide an explanation How the fees were handled and paid to the third party.

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44. Do any loan originators hold third party fees or maintain a trust account? ☐Yes ☐No

SCHEDULE A

List the name, title, and responsibilities of all officers, principals, partners, owners, directors and 10% or greater stockholders of the licensee.

Name	Title	Percent of Ownership	Area of Responsibility

SCHEDULE B

Complete this schedule if any officer, principal, partner, owner, director, or employee owns more than 1% of a title company, appraisal company, real estate company, credit reporting company, credit counseling company, credit service company, insurance company, securities company, builder, home improvement contractor, real estate developer, escrow company, Bi-Weekly or Amortization Reduction Company, Notary Service or Signing Service Company, or any other settlement service provider.

If the company does not have any, principal, partner, owner, director, or employee that owns more than one percent of any of the companies list above—check the box N/A ☐

Name of Affiliated Entity	Type of Business	Address	Relationship	Amount of Ownership

ADDITIONAL INFORMATION

CONTINUING EDUCATION REQUIREMENTS

A. Attach the list of Designated Brokers who have obtained certificates for Continuing Education in the past 2 years and include the name of the provider of courses.

B. Attach a list of Designated Brokers who have not obtained Continuing Education Certificates and include duties and date of hiring.

LOAN ORIGINATORS

C. Attach a list of all loan originators employed in the last 24 months (Excel spreadsheet) include:

- Last name
- First name
- Date Employed
- License Number
- Date of most recent continuing education certificate
- License renewal date
- Office or branch location where employed
- W-2 or 1099 employee

Schedule "C"
Originator worksheet

PERSONNEL NOT ISSUED W-2 FORMS

D. If any person or entity acts as a loan counselor, loan consultant, loan originator, loan processor, or notary on behalf of the licensee and is not issued a W-2 statement by the licensee, provide name(s), services provided and contact information here or attach a separate page.

If all employees are W-2 and there are no 1099 employees—indicate here as N/A ☐

1099 Employees
List.xls

FINANCIAL

E. The licensee's latest year-end audited financial statement and most recent quarterly report.
If audited financial statements are not available—indicate here as N/A ☐

F. A copy of the last management letter, single audit letter, and letter of regulatory compliance if such reports were prepared by a Certified Public Accountant.
If a report was not prepared—indicate here as N/A ☐

G. The licensee's most recent un-audited financial statement, including balance sheet and income statement. (A sample balance sheet and income statement are provided below)

MB Financial Analysis.xls

H. A listing of all off-balance sheet assets that the licensee owns (assets and liabilities).
If there are no off-balance sheet assets—indicate here as N/A ☐

I. A listing of all bank accounts utilized by the licensee during the past twelve (12) months. Include:
- Name and address of the depository institution;
- Account number;
- Type of account;
- Interest bearing Yes/No
- Purpose of each account.

Bank Account list.xls

a) Provide the most recent three months account statement and reconciliation for each account.

b) Provide the last 12 months trust account statements.
If N/A than provide the last 12 months general account used to pay third parties when applicable.

J. The most recent audit report from the internal auditor.
If an internal audit report is not available—indicate here as N/A ☐

FUNDING
If the company does not fund loans—indicate here as N/A ☐. Proceed to question "N".

K. A listing of all loans outstanding under warehouse lines of credit at the end of the last quarter (excel spreadsheet). Include:
- Borrower name; (Last, First)
- Property address;
- Dollar amount of loan; and
- Total number of days outstanding.

L. A listing of all secondary market sources and commitments, as of the end of the last quarter (excel spreadsheet). Include:
- Name of the investor; (Last, First)
- Amount of the commitment;
- Expiration date; and
- Amount currently available under the commitment.

M. Provide a letter (on issuing authority's letterhead) stating the dollar amount limit and balance as of the last calendar quarter ended. The same date shall be used for the following reports:
- Provide a report indicating the balances of each line of credit
- Provide a report indicating the number of loans and the dollar amount per line of credit for loans in your pipeline.
- Provide a report detailing the loan production for the past 18 months.
- Provide statements (actual) for each credit line for the same 18 months.

- What is the time arrangement you have for moving loans off the line?
- Does the line contain a surge capacity limit? Please explain the surge capacity
- At what percent are curtailment cost charged to the line?
- How much is the cost of any curtailments? Please explain.
- How many un-saleable loans are on the line?
- Why were the loans un-saleable?
- What is the current interest rate on each line per your contract?
- What is the transaction fee for each unit?
- Do any of the lines have a non-use fee for not utilizing the full warehouse line?
- What is the collateral for each of the lines?
- What is the percentage of loans that go on the lines vs. loans that don't go on the line?
- Provide a copy the agreement on each Line and any addendums

ORIGINATIONS

N. Include a sample residential mortgage loan application package for each of the following programs with all disclosures currently used:
   - Fixed rate
   - Adjustable Rate Mortgage
   - Home Equity Line of Credit
   - Personal property and unsecured loans

O. (i) A listing of all residential mortgage loan applications taken during the period of examination (In Excel spreadsheet) include:

   - Borrower last name
   - Borrower first name
   - Loan number
   - Property address
   - City
   - State
   - Zip Code
   - Type of Loan (Fixed or type of ARM)
   - Position of Lien (First or Second)
   - Application date
   - Settlement date
   - Annual Percentage Rate (APR)
   - Note Rate
   - Fico scores (Borrower and Co-Borrower middle credit score)
   - Risk Score used for underwriting (Borrower and Co-Borrower)
   - Loan amount;
   - LTV
   - CLTV
   - Status of the loan (open, funded, withdrawn, denied, rescinded);
   - Purpose of loan (refinance, purchase or other);
   - Loan program (conventional, FHA, VA, etc.);
   - Discount points
   - Total loan fees (All mortgage broker fees)
   - Yield Spread or Service Release premium received
   - Origination source (name of loan originator); and,
   - Whether or not credit life, credit disability, or other insurance products were sold in connection with the transaction
   - Originating Branch

MB Schedule "O"

(ii) Provide a list of all other (e.g. personal or consumer loans) applications taken in the last (24) months.
If no personal or consumer loan applications were taken—indicate here as N/A ☐.

- Name (Last, First)
- Loan #
- Address
- Purpose
- Type of loan
- Loan amount
- Status of loan
- Closed, withdrawn, denied
- Interest rate
- Loan Originator
- Whether or not credit life, credit disability, or other insurance products were sold in connection with the transaction
- Branch

Schedule "O" Other Loans.xls

P. Real estate secured loans renewed/refinanced for same borrower in 12 months. Include:
If the company does not fund and service loans—indicate here as N/A ☐.

- Name (Last)
- Name (First)
- Loan #
- Date of Origination
- Settlement date
- # of renewals/refinances with your company
- Total broker fees including any YSP or SRP
- Interest rate of loan paid off
- Interest Rate of new loan
- Loan program of loan paid off
- Loan Program of new loan
- Contemporaneous second mortgage loan with first mortgage
- Contemporaneous unsecured loan with first mortgage

Schedule "P" renewal, refinance worksheet

Q. Provide a list of all loans refinanced within 12 months of origination for the 24 months prior to the examination date. Include (in excel spreadsheet format):
If the company did not refinance any originated loans within 12 months—indicate here as N/A ☐.

- Name (Last, First)
- Loan #

- Date of Origination
- Settlement date
- # of renewals/refinances with your company
- Total broker fees including any YSP or SRP
- Interest rate of loan paid off
- Interest Rate of new loan
- Loan program of loan paid off
- Loan Program of new loan
- Contemporaneous second mortgage loan with first mortgage
- Contemporaneous unsecured loan with first mortgage

Schedule "Q"
renewal/refinanced ir

R. Provide a list of all loans rescinded by borrowers in the last (2) two years or since the prior examination (in excel spreadsheet format) include:
If the company does not fund and service loans—indicate here as N/A ☐.

- Name (Last, First)
- Loan #
- Date of Origination
- Date Loan Rescinded
- Total Cost Paid by borrower

Schedule "R"
Rescinded Loan List.x

INSURANCE SALES

S. Does the licensee finance single premium credit health insurance, single premium credit involuntary unemployment insurance or single premium credit life insurance? If "No", proceed to question "T". ☐Yes ☐No

a) Provide the name of individual(s) in licensee offices licensed to sell insurance.

b) Provide the name and address of insurance companies for which the licensee acts as agent.

c) Is the purchase of ancillary products a factor in the approval of credit? ____.

d) How is the purchase of ancillary products disclosed to the consumer? ____.

e) Is specific written affirmation obtained from the consumer and made a part of the loan file if a product is purchased? ____.

f) Is the borrower given a written notice disclosing his right to cancel any credit related insurance and receive a full refund? ____ How many days are allowed? _____

g) Provide the method used to calculate all insurance refunds.

h) Provide insurance penetration reports for prior year-end and year-to-date. For each period the report must include: 1) total number of loans, and 2) percentage of Credit Life (C.L.), Accident and Health (A & H), Involuntary Unemployment Insurance (I.U.I.) and Personal Property (P.P.I.) policies sold to the number of loans made (separate each type of insurance).

i) Provide a list of insurance claims filed since the prior examination date for C.L., A&H, I.U.I. and P.P.I. Include (on excel spreadsheet):
   - Name (Last, First)
   - Loan
   - Date of loss
   - Date claim filed
   - Date claim paid
   - Amount paid by insurance company
   - Time period payment covered

j) Provide a list of all loans paid off in the last 12 months, which had credit insurance. Include (on excel spreadsheet):
   - Name (Last, First)
   - Loan #
   - Date of Loan Origination
   - Pay Off Date
   - Total Insurance Credit Insurance Premium

SERVICING

If the company does not service loans—indicate here as N/A ☐ and proceed to question "X".

T. Provide a list of loans paid-off in the last 24 months. The list should include the following (in excel spreadsheet format):

- Name (Last, First)
- Address
- Telephone #
- Date of origination
- Date of pay off request
- Date paid off
- Charges on pay offs

U. A listing of all loans serviced during the past twelve (12) month period (excel spreadsheet). Include:
- The borrower name; (Last, First)
- Property address;
- Type of loan (first or second);
- Loan number;
- Whether the loan has an escrow provision;
- Whether the loan is serviced for a third party;
- Date on which loan servicing was acquired;
- Status of loan (paid-off, foreclosure, etc.); and
- Whether the loan servicing has been transferred.

V. A list of repossessions, foreclosures, REOs, and judgments outstanding as of the examination date. The list must be on letterhead and signed by the branch manager. Include customer name, account number, loan balance, estimated value/appraised value or amount of sale, and gain or loss on sale of asset. **A letter is required even if there are no repossessions, foreclosures, REOs, or judgments outstanding as of the examination date.**

W. (i) A copy of the most recent delinquency reports prepared for both owned residential mortgage loans and serviced residential mortgage loans.

(ii) A copy of the most recent delinquency reports prepared for both owned personal loans and serviced personal loans.

COMPLAINT HISTORY

X. Provide a list of complaints filed since the prior examination. Include (in excel spreadsheet format):

- Name (Last, First)
- Loan #
- Complaint #
- Address
- Telephone #
- Type of loan
- Summary of Complaint and Response
- Complaint Resolution
- Is complaint open or closed
- Branch #

Schedule "x"
Complaint List.xls

REGULATORY/COMPLIANCE

Y. A listing of the states in which the licensee conducts residential mortgage loan business. Identify if the entity is licensed, registered, exempted by statute, or otherwise not required to be licensed or registered in each of those states.

Schedule "Y" Other
State Licenses.xls

Z. The most recent audit reports from any governmental agency(ies) or entity(ies) for which the licensee originates or services loans.
If the company has not been audited by any other agency or entity—indicate here ☐

MISCELLANEOUS
Provide the following:

A.A. The most recent quality control report prepared either internally or externally.
If no quality control reports have been prepared—indicate here ☐

B.B. A listing, including addresses, of all other locations where the licensee conducts residential mortgage business.

C.C. A letter from legal counsel describing pending litigation, or lack thereof, which in the aggregate amounts to 5% or more of the licensee's net worth. The letter should include:

- Whether the licensee is the plaintiff or defendant;
- The dollar amount involved;
- A brief description of the suit;
- The status of the suit; and

- An opinion on the probable outcome.

If you have no pending litigations against your company-indicate here ☐

D.D. Copies of all residential mortgage loan advertising done by licensee during the period of examination.

E.E. An organizational chart detailing ownership and affiliate relationships of the licensed entity. Also include an organization chart of any related entities organized through the parent that conduct residential mortgage loan activity.

F.F. Licensee's disaster recovery plan.

G.G. Licensee's Information Security Program. (Gramm-Leach Bliley)

H.H. Outline of the policy(ies) used for making credit decisions and originating, processing, and submitting loans.

I.I. Policies and procedures that demonstrate you exercise reasonable care, such as reviewing loan files prior to closing.

CERTIFICATION

_____, certifies that he/she is
(Name of Authorized Representative)

_____, of _____ and that
(Title of Authorized Representative) (Name of Licensee)

the foregoing answers, all information contained in attached supplemental schedules, and all other documentation submitted in response to this questionnaire are true and correct in all respects to the best of his/her knowledge and belief.

Certified this ____day of _____, 20___

_____
(**Signature of Authorized Representative)**

THIS IS NOT THE LAST PAGE OF THE QUESTIONNAIRE

ADDITIONAL RESPONSES ARE REQUIRED IN THE SCHEDULES THAT FOLLOW