

MULTI-STATE

Uniform Report of Examination

Debt Collection Company, Inc.
Anytown, Anystate
NMLS Entity ID: XXXXXX

Insert Date Onsite Began

THIS REPORT OF EXAMINATION IS STRICTLY CONFIDENTIAL

Lead State
State Agency Name

Joint Participating States
Insert participating states

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The information contained in this report is based upon the books and records of the institution, upon statements made to the Examiners by directors or trustees, officers and employees, and upon information obtained from other sources believed to be reliable and presumed by the Examiners to be correct.

Each director or trustee in keeping with his/her responsibilities should become fully informed regarding the contents of this report. In making this review, it should be kept in mind that an examination is not the same as an audit, and that this report should not be considered to be an audit report.

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Examination Authority

The states of (list participating states in alphabetical order), and XXX (the Examination States, States) conducted a joint examination of Debt Collection Company, Inc. (DCC or the Licensee). DCC was a licensed collection agency in each of the Examination States at the time of the examination and the authority to conduct the examination exists under individual state authorities.

The purpose of this coordinated supervisory effort is to minimize regulatory burden and expense; and to foster consistency, coordination and communication among the regulators. Rather than subject the Licensee and its management to multiple, simultaneous examination requests and duplicative reviews of similar issues, the Examination States conducted this examination under a multi-state, single Examiner-In-Charge (EIC) and coordinated requests for information and documentation. This agreed coordination does not preempt an individual Examination State's authority.

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Examination Introduction

The on-site examination of DCC was conducted insert dates at the offices of DCC in Anytown, Anystate. Examiners from XXX, XXX, XXX, XXX and XXX were on-site from (date) to (date). The Examiner-in-Charge (EIC) was XXX of the (state agency)

The examiners evaluated DCC for compliance with federal and state laws; as well as the financial adequacy, effectiveness, and efficiency of its operations. DCC submitted information and documentation to facilitate the Examination States' evaluation of compliance with applicable standards.

The scope of this examination included a review of DCC's financial safety and soundness, adequacy of management controls and operations, compliance with applicable laws and regulations, and other risk areas as necessary. This examination is not a financial audit of records, but one of limited testing for compliance with collection laws, rules and regulations.

The examination time-frame covered the period from (insert review period). This period was extended as necessary. To achieve the objectives, the Examination States relied on data provided by CCD and examiner testing of certain data and transactions, along with a review of policies and procedures. Meetings with pertinent staff were held throughout the on-site portion of the examination to cover, among other issues, outstanding requests from the Examination States. Several phone calls and emails were also exchanged during the off-site portion of the examination.

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Summary of Examination Findings

Insert a summary comment on the overall condition of the licensee. The tone of the summary should support the rating being assigned. See sample comment below.

The overall compliance condition of the Licensee is XXX (insert satisfactory or unsatisfactory). Regulatory compliance was found to be deficient, as examiners identified a significant level of violations of federal and state collection laws, and the presence of unfair and deceptive acts or practices. Management needs improvement due to the significant weaknesses found in the Licensee's operations and control systems. In addition, the Licensee's financial condition at the time of examination failed to maintain a positive adjusted net worth in accordance with requirements established by the XXX Division of Banks.

Due to the significant level of violations of federal and state collection laws and the presence of unfair and deceptive practices, the Examination States have determined a formal regulatory action is necessary to address the unsatisfactory compliance condition of the Licensee.

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Examination Rating(s)

Determine the Compliance Rating

The Regulatory Supervision Committee (“RSC”) has adopted a Uniform Consumer Collection Agency Compliance Rating System. Under this system, after an examination, a licensed entity is assigned a confidential consumer compliance rating based upon an evaluation of its present compliance with state and federal consumer collection laws and the adequacy of its systems designed to ensure compliance on a continuing basis. The rating system is based upon a scale of 1 through 5 in increasing order of supervisory concern. Thus, “1” represents the highest rating and consequently the lowest level of supervisory concern, while “5” represents the lowest, most critically deficient level of performance and therefore the highest degree of supervisory concern. Each of the five ratings is described in greater detail below.

In assigning consumer compliance rating, all relevant factors must be evaluated and weighed. In general, these factors include the nature and extent of present compliance with all applicable state and federal collection laws, the commitment of management to compliance and its ability and willingness to take the necessary steps to assure compliance, and the adequacy of systems, including internal procedures, controls, and audit activities designed to ensure compliance on a routine and consistent basis.

INSERT RATINGS DEFINITIONS AND MATRIX HERE

The following state(s) assigned a rating as a result of this examination.

Massachusetts Compliance Rating “3”

A supervised entity with this rating “3” *is in a less than satisfactory compliance position.* It is a cause for supervisory concern and requires more than normal supervision to remedy deficiencies. Violations may be numerous. In addition, previously identified practices resulting in violations may remain uncorrected. Overcharges, if present, involve a few consumers and are minimal in amount. There is no evidence of discriminatory acts or practices. Although management may have the ability to effectuate compliance, increased efforts are necessary. The numerous violations discovered are an indication that management has not devoted sufficient time and attention to consumer compliance. Operating procedures and controls have not proven effective and require strengthening. This may be accomplished by, among other things, designating a compliance officer and developing and implementing a comprehensive and effective compliance program. By identifying an institution with marginal compliance early, additional supervisory measures may be employed to eliminate violations and prevent further deterioration in the institution's less-than-satisfactory compliance position.

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Idaho Compliance Rating “3”

Regulatory deficiencies noted tend to demonstrate a pattern of violations that, without correction, may undermine future compliance.

The remaining participating Examination States do not assign ratings as a result of debt collector examinations.

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Company Profile

Insert brief paragraph on company

Financial Condition

Insert short summary of company's financial condition.

The Licensee's financial condition was assessed based on fiscal year-end financial statements, as of December 31, 2013, and December 31, 2012, which were audited by XXX of XXXX, XX.

Examination Findings

Compliance Management System

Board and Management Oversight

Insert comment of Board and Management oversight.

The report narrative should be concise, constructive, and direct. The commentaries for stable 1-rated entities with low consumer or compliance risk should be brief, while the commentaries for 2- through 5-rated institutions and those with elevated or increasing risk should successively provide more support and detail.

Comments should clearly cite statutory or regulatory violations and describe the basis for the findings. This will ensure that the entity understands the basis for the conclusions and so that enforcement actions, if required, are well supported.

Each comment in the report should contain an overall brief summary followed by a concise summary of findings and ending with a conclusion which should match the tone and language of the rating definition. Avoid an overly detailed conclusion section.

Policies and Procedures

Insert Comments for policies and procedure review

Training

Insert comment on training

Monitoring

Insert comment on monitoring

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Consumer Complaints

Insert comment on consumer complaints

Auditing

Insert comment on auditing

Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve concerns and/or violations noted. They should include specific action requirements and time frames for completion as well as what is required to be submitted in response to the examination report.

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State Regulatory Compliance

The following is a list of violations and accounts or procedures that were found to be deficient in some respect. A review of the forms submitted, if any, is also detailed in this section.

Communications in Connection with Debt Collection

This section should have a summary statement of what to be expected in the comments below. For example: The current examination identified violations of state and federal laws for those provisions related to timing of calls to debtors, excessive contacts, third party disclosures and required disclosures. The numerous violations are an indication of a weak compliance management system.

Finding 1: Insert heading for finding (example – Late Calls)

List each state citing the violation, spell out each state

- List each state specific regulation / statute in order of state listed above, see examples below
- Idaho Code § 26-2227
- Wis. Admin. Code DFI-Bkg 74.16 (9)
- M.R.S. Title 32 § 11012(1)(A)
- Section 36a-809-9(d) of the Regulations of Connecticut State Agencies

Comments should be concise, constructive, and direct. Comments should clearly cite statutory or regulatory violations and describe the basis for the findings. This will ensure that the entity understands the basis for the conclusions and so that enforcement actions, if required, are well supported.

Each comment in the report should contain an overall brief summary followed by a concise summary of findings and ending with a conclusion which should match the tone and language of the rating definition. Avoid an overly detailed conclusion section.

If using tables, ensure all table are in the same format throughout the report.

Debtor Name	Reference Number	Date	Local Time

Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve concerns and/or violations noted. They should include specific action requirements and time frames for completion.

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Finding 2: Excessive Contacts

Insert states citing finding

- Insert specific state regulation

Comments should be concise, constructive, and direct. Comments should clearly cite statutory or regulatory violations and describe the basis for the findings. This will ensure that the entity understands the basis for the conclusions and so that enforcement actions, if required, are well supported.

Each comment in the report should contain an overall brief summary followed by a concise summary of findings and ending with a conclusion which should match the tone and language of the rating definition. Avoid an overly detailed conclusion section.

If using tables, ensure all table are in the same format throughout the report.

Debtor Name	Reference Number	Dates of Communications

Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve supervisory concerns. They should include specific action requirements and time frames for completion.

Finding 3: Communication with Third Parties

Insert states citing finding here

- Insert specific state regulation in the order the state is listed above
- State regulation number XXX
- FDCPA section number

Required corrective action:

Finding 4: Disclosures

Insert states citing violatios

- List states in order listed above

The Licensee failed to disclose

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Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve supervisory concerns. They should include specific action requirements and time frames for completion.

Finding 5: Validation of Debts

Insert states citing violation

- List state specific regulation in order listed above

Insert comment

Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve supervisory concerns. They should include specific action requirements and time frames for completion.

Finding 6: Collection Letters

List states citing violation

- List state specific regulation in order listed

Insert collection letter comment if applicable.

Required corrective action:

Required Corrective Actions identify actions that management needs to take to resolve supervisory concerns. They should include specific action requirements and time frames for completion.

Finding 7: Unfair Practices

List states citing violation

- List state specific regulation in order listed above

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Required corrective action:

Trust Account Review

The examination identified violations of state law regarding the improper use of trust accounts and identified concerns regarding the bank reconciliation process.

Finding X: Trust Account Access

List states citing violation

- List specific [Click here to enter text.](#) state statute in order of list above

Insert

Required corrective action:

Finding X: Outstanding Trust Checks

States

- Regulations

Insert Comment

Required corrective action:

Fees and Charges

Several consumers were charged convenience fees or NSF fees in states which either prohibit or limit the collection of such fees. The violations below represent a small sampling of accounts which were reviewed during the examination.

Finding X: NSF Fees

states

- Regulation

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Insert comment.

Required corrective action:

Insert comment

Payment Processing and Account Maintenance

The following is a list of violations or procedures that were found to be deficient in some respect with regards to the posting of debtor payments, the maintenance of accurate debtor histories or account statements, and the timing of the posting of payments. In addition several violations regarding the notification of certain types of payments are noted.

Finding X: Payment Posting

States

- Regulations

Insert comment

Required corrective action:

Insert corrective action

Finding X: Debtor Payment Histories

States

- Regulations

Finding 16: Electronic Fund Transfer Act (EFTA)

Insert states citing violation

- Insert specific state regulation
- Insert federal regulation if applicable

A review of the Licensee's practices related to managing recurring electronic fund transfer (EFT) transactions revealed that the Licensee arranges and processes such debits (ACH and debit card payments) from debtor deposit accounts without the proper form of authorization and without providing the proper notices and copies to consumer debtors as required.

Required corrective action:

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Insert corrective action

Financial Requirements

Finding 18: Net Worth

Insert state name(s)

- Insert state regulations

Insert comment

Required corrective action:

Insert corrective action comment

Licensing

Several violations of specific state licensing laws were noted during the examination.

Finding X:

Insert state name

Insert comment

Required corrective action:

Insert corrective action

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INSERT STATE SEALS FOR PARTICIATING STATES

Examiner-in-Charge		
Joe Smith	Financial Examiner	State of Confusion, Dept of Banking

Should we add the examination team members?