

Operational Controls and Risk Management Procedures:

All licensees under the New Mexico Small Loan Act of 1955 must demonstrate appropriate financial responsibility, character and general fitness as to command the confidence of the public and warrant belief that the business will be operated lawfully, honestly, fairly and efficiently. The Operational Controls and Risk Management Recommendations listed herein are designed to assist applicants and licensees in their continuing efforts to meet these goals.

	Requirements
Loan Policy	<ul style="list-style-type: none"> • Specific borrower requirements • Underwriting and approval decision procedures • Borrower approval limits • Management / Employee lending approval limits • Borrower refinance and/or payoff policies and procedures • File maintenance and internal audit policies and procedures
Collection Policy	<ul style="list-style-type: none"> • Specific collection activity guidelines and procedures to include how all phone calls, letters, and field visits are handled. • Specific guidelines and procedures for charge-offs and referrals to third party collection agencies and repossessionors. • Specific guidelines and procedures for legal action taken against severely delinquent borrowers. • Approval authority for all charge-offs, referrals to collection agencies and repossessionors, and legal actions taken. • Compliance with Fair Debt Collection Practices Act (FDCPA).
Advertising / Marketing Policy	<ul style="list-style-type: none"> • Acceptable types of advertising • Approval Authority over marketing campaigns. • Prohibit any false, misleading, or deceptive statements.
Operations Policy and Procedures	<ul style="list-style-type: none"> • Account maintenance procedures • Cash handling policies and procedures • Daily opening and closing procedures • Computer / Internet security policies and procedures • Physical security • Building / Facility security policies and procedures • Disaster recovery policies and procedures • Management succession planning <ul style="list-style-type: none"> ○ Smaller single owner companies

	Requirements
Loan Portfolio	<ul style="list-style-type: none"> • Loan Files must be compliant with company policies • Vehicle titles used to secure a loan must be perfected • Any loan covered under the Military Lending Act (MLA) must contain a MLA database verification certificate in each loan file.
Collection Practices	<ul style="list-style-type: none"> • The company must maintain adequate collection activity logs that address the following: <ul style="list-style-type: none"> ○ Type of contact (i.e. phone call, field visit, reference call, walk in, etc.) ○ Date and time of contact ○ Description of events (i.e. Discussion of payment, promise made, payment made, etc.) ○ Person employee spoke to ○ Employee who made the contact or update to account. • Any third party Collection Agency and/or Repossessor contracted with the company is properly licensed with the Division.
Internal Controls	<ul style="list-style-type: none"> • Electronic System Protection <ul style="list-style-type: none"> ○ User access to systems must be adequately protected. <ul style="list-style-type: none"> ▪ User Name / Password kept confidential. ○ Strong firewalls and password protections to reduce the risk of external hacks. • Physical File Protection <ul style="list-style-type: none"> ○ Hard copy files kept in locked and fire proof cabinet or safes. • Building / Facility Security <ul style="list-style-type: none"> ○ Security alarms ○ Security cameras ○ Proper interior and exterior lighting • Internal Risk Assessments <ul style="list-style-type: none"> ○ Completed on a regular basis ○ Risk assessments conducted by an independent third party or designator auditor. <ul style="list-style-type: none"> ▪ Store Managers are not permitted to complete this risk assessment. ○ A sample review of loan portfolio ○ A review of all operations for compliance with internal policy. ○ Any irregularities, deficiencies, or regulatory violations cited are promptly corrected.

	Requirements
Employee Qualifications / Training	<ul style="list-style-type: none">• Employee training programs must include the following<ul style="list-style-type: none">○ Federal and state regulatory training○ Proper loan underwriting and collection practices○ Internal controls including cash handling, account maintenance, and security• All managers, compliance personnel, and supervisors must have adequate knowledge and experience to effectively manage business operations and maintain compliance with regulations and internal policies.