

VENDOR MANAGEMENT POLICY MANUAL

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SAMPLE

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General Definitions

Existing Relationship: Any Service Provider (Vendor) relationship that has been reviewed under the Service Provider Program and:

- has a current working or contractual activity with THE COMPANY or
- the Service Provider has been reviewed under the Service Provider program within the most recent 5 year period

Material Change: A change in:

- The ownership structure of the Service Provider
- The financial condition of the Service Provider
- The level of service becoming a Significant Relationship
- The Master Service Agreement with the Service Provider
- Procedures at the Service Provider or between the Service Provider and the company or at the company, as may be deemed material by management or the board

New Relationship: Any service provider relationship that has no prior working and/or contractual history with THE COMPANY or has not had a working or contractual activity in the most recent 5 year period.

Outsourced Activity: any service that is not performed by an employee of THE COMPANY

Service Provider: Service provider is generally defined in Section 1002(26) of the Dodd-Frank Act as "any person that provides a material service to a covered person in connection with the offering or provision by such covered person of a consumer financial product or service." (12 U.S.C. 5481(26)) A service provider may or may not be an affiliate. The term 'third party' may be used interchangeably with service provider in various policies and procedures issued by THE COMPANY.

Significant Relationship: A Service Provider relationship is considered significant if:

- the company's relationship with the provider is new or
- involves implementing new activities or
- the relationship has a material effect on the company's revenues or expenses or
- the service provider performs critical functions or
- the service provider stores, access, transmits, or performs transactions on sensitive customer information or
- the service provider markets company products or services or
- the service provider provides a product or performs a service involving subprime lending or card payment transactions or
- the service provider poses risks that could significantly affect earnings or capital

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1.0 Purpose, Overview and Board Review

Purpose

The use of service providers to perform operational functions presents various risks to THE COMPANY. The purpose of the Service Provider program is to ensure THE COMPANY maintains adequate controls over any arrangement with a Service Provider in order to minimize exposure to potential significant financial loss, reputation damage, compliance risk, concentration risks, compliance risk that may cause consumer harm and supervisory action.

Overview

The Service Providers Program must include at a minimum:

1. Due diligence to verify that the service provider understands and is capable of complying with Federal consumer financial law.
2. A Risk Assessment to identify the level and types of risk exposure to THE COMPANY
3. Service Provider application and supporting documentation, as applicable
4. Contract review to verify terms and conditions meet THE COMPANY minimum requirements
5. Internal controls and ongoing monitoring to verify the Service Provider:
 - o Is complying with Federal and state consumer financial law,
 - o Is following company policies and procedures
 - o Is meeting contract and service level agreements
 - o Has not experienced a material change
 - o Has not encountered an unexpected or unplanned circumstance that may cause a material change in the future, have an adverse impact on a consumer or the company.

Board Review

The use of service providers does not relieve the company's board of directors and senior management of the responsibility to ensure that outsourced activities are conducted in a safe and sound manner and in compliance with applicable laws and regulations. The board will initially approve, oversee and review, at least annually, significant service provider arrangements and review these arrangements and written agreements whenever there is a material change to the program.