

## **INTRODUCTION**

Sensible Auto Lending, LLC (Sensible) is committed to providing financial services to applicants and borrowers on an equal basis. It is Sensible's policy to treat all of its applicants and borrowers consistently and in compliance with fair lending laws, throughout the process, from application to satisfaction, including collection and repossession, as applicable. Sensible's employees offer assistance and services in a fair and consistent manner during the performance of their jobs to all potential applicants and borrowers without regard to race, color, creed or religion, national origin, sex, marital status, sexual orientation, military status, disability, familial status, age (provided the applicant has legal capacity to enter into a binding contract), receipt of public assistance, or the exercise of legal rights under the federal Consumer Credit Protection Act (15 U.S.C. §§ 1601 et seq.). Sensible is committed to informing its employees of and implementing policies that ensure compliance with all fair lending laws, including New York Executive Law § 296-a.

## **FAIR LENDING OVERVIEW**

The legal aspects of fair lending are contained in several federal and state laws. The purpose of these laws is to ensure that fair and equal treatment is provided to individuals seeking sales financing. The federal Equal Credit Opportunity Act (ECOA) (15 U.S.C. §§ 1691 et seq.) and its implementing regulation, Regulation B (12 C.F.R. Part 1002), prohibit discrimination in any aspect of a credit transaction. The prohibited bases of discrimination under the ECOA are the following: race; religion; national origin; sex; marital status; age (provided that the applicant has the capacity to enter a binding contract); the applicant's receipt of income through a public assistance program; and the good faith exercise of the applicant of a right under the federal Consumer Credit Protection Act (15U.S.C. §§ 1601 et seq.).

Various state laws also govern fair lending, including New York Executive Law § 296-a, which makes it an unlawful discriminatory practice for any creditor to discriminate on the basis of race, creed, color, national origin, age, sex, marital status, disability, familial status, sexual orientation, or military status; to discriminate on a prohibited basis in the granting, withholding, extending or renewing, or in fixing the rates, terms or conditions of any form of credit; to 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 a prohibited basis; to make any inquiry of an applicant concerning his or her capacity to reproduce, or his or her use or advocacy of any form of birth control or family planning; to refuse to consider sources of an applicant's income or to subject an applicant's income to discounting, in whole or in part, because of a prohibited basis or childbearing potential; or to discriminate against a married person because such person neither uses nor is known by the surname of his or her spouse.

## **STRUCTURAL ORGANIZATION**

Sensible's commitment to fair lending is reflected in its belief in the shared responsibility for compliance with fair lending laws at every level of the organization. Sensible's Senior Management is responsible for approving, adopting, and implementing this Fair Lending Plan (Plan), as well as ensuring that Sensible's business practices comply with its Fair Lending Plan in the following ways: (i) communicating Sensible's fair lending policies to the applicable business unit management; (ii) allocating, on an ongoing basis, sufficient resources to ensure the successful implementation of this Plan; (iii) obtaining input and guidance from the Compliance Department on significant business decisions that have potential fair lending impact; and (iv) monitoring results and recommending corrective action where necessary.

The Compliance Department, led by the Chief Financial Officer acting as Chief Compliance Officer, implements the policies outlined in this Plan in the following ways: (i) monitoring implementation of and adherence to the fair lending policies and procedures; (ii) reviewing and addressing fair lending

complaints; (iii) monitoring, as appropriate, Sensible’s application and underwriting process as well as its pricing policies; (iv) reviewing, on a regular basis, the Fair Lending Plan to determine that it still accurately reflects the procedures followed by Sensible and conforms to federal and state law; (v) maintaining training materials to keep current with changes in the law, regulation, and judicial interpretation; and (vi) providing, ongoing, updates on fair lending issues to all Sensible employees involved in the origination or servicing process. In addition, the Senior Management periodically reviews the Plan to ensure it remains current.

## **TRAINING**

The Compliance Department conducts training for all new and current employees. All new employees will receive a copy of this Plan during that training. Training for new employees includes correctly and adequately describing prohibited bases under the Equal Credit Opportunity Act, Regulation B, and applicable state laws. All lending personnel and managers receive ongoing updates on fair lending issues. Training participants certify that they understand and commit to upholding the principles of Executive Law § 296-a and the policies and procedures contained in this Plan.

## **MARKETING**

Sensible does not advertise, solicit, or market directly to consumers. However, The Compliance Officer reviews and must approve, prior to distribution, all marketing strategies directed to any dealerships located in areas comprised of protected class applicants or minority communities to ensure compliance with fair lending laws, including Executive Law 296-a. The Compliance Department also periodically reviews such existing marketing strategies to confirm that they remain in compliance with fair lending laws.

## **FAIR LENDING POLICY AND PROCESS**

Sensible is aware of the risk of unfair practices in the lending process. Sensible is committed to implementing training and policies that protect against discriminatory practices at every level of the process, from application to retail installment contract satisfaction, and to taking immediate corrective action should fair lending discrimination occur. If fair lending deficiencies are observed or appear in an employee’s job evaluation, the employee will receive additional training or counseling in an effort to correct the deficiency. If the deficiency persists, the employee will be subject to more severe action, including termination.

## **UNDERWRITING AND PRICING**

Underwriting guidelines are established through written policy and procedure in order to promote and ensure consistency throughout all classes of applicants. The guidelines address all aspects of the underwriting process, including collateral standards, credit, income, source of funds, debt ratios, income documentation and other factors relevant to the underwriting decision. Sensible will offer borrowers the best available products for which the borrower would qualify based on his/her creditworthiness and ability to document income. All applications that are rejected or withdrawn will undergo an automatic and timely review by a higher-level supervisor.

## **CONSUMER COMPLAINTS**

This Plan’s principles of fair lending policy apply throughout the process, and Sensible is committed to

implementing policies, procedures, employee training, and management oversight to ensure equitable treatment of all debtors. Sensible's policies include responding to consumer inquiries, concerns, and complaints in a timely, fair, and consistent manner. Complaints alleging violations of Executive Law 296-a are immediately referred to the Chief Compliance Officer, who investigates the allegation and resolves it efficiently, without being unduly burdensome to the applicant.

#### **RETAIL INSTALLMENT CONTRACT SERVICING, REFINANCING, COLLECTION AND REPOSSESSION**

Sensible implements policies related to servicing, refinancing, collection, and repossession that ensure the fair and consistent treatment of accounts and consumers throughout the term of each retail installment contract. The principles outlined in this Plan extend to all aspects of the credit transaction.

#### **THIRD PARTY ORIGINATIONS**

Sensible's commitment to complying with fair lending laws extends to its relationships with third party originators (e.g., automotive dealers). Sensible commits to solicit, establish, and maintain relationships with dealers without regard to a prohibited factor, including characteristics of the dealership owner or the customers served by the dealership. By written agreement, Sensible requires dealers doing business with Sensible to comply with all applicable law, including all applicable federal and state fair lending laws. When an originator submits an application, the originator must agree to comply with Sensible's policy with respect to fair lending.

Sensible fully supports the letter and spirit of federal and state fair lending laws and does not condone discrimination in any credit transaction. Dealers are notified of any fair lending deficiencies noted in the monitoring of their retail installment contract packages. They will be responsible for correcting any deficiencies. If deficiencies are not corrected, Sensible will take appropriate corrective action.

Given that the company only purchases subprime retail installment contracts from automobile dealerships we do not have a prime product to offer consumers nor do we have an affiliated lender in which we could refer consumers.

#### **MONITORING**

Sensible implements monitoring processes that review the lending practices of the institution as a whole as well its various departments, and individuals within the departments. Sensible's monitoring program focuses on detecting deficiencies and ensuring that Sensible's personnel understand their duties and responsibilities under this plan and are carrying them out. The Compliance Department performs regular audits of retail installment contract files to monitor data integrity for funded and non-funded contracts and to ensure compliance with Sensible's objective, non-discriminatory credit policies and with this Plan.