# System and Organization Controls (SOC) 3 Report

# Management's Report of Its Assertions on Vervent's Servicing System for Title Assets and Unsecured Loan, Lease and Credit Card Portfolios Based on the Trust Services Criteria for Security

**For the Period October 1, 2021 to October 31, 2022**

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## SECTION ONE: REPORT OF INDEPENDENT ACCOUNTANTS

To: Management of Vervent

### Scope

We have examined management's assertion, contained within the accompanying "Management's Report of Its Assertions on the Effectiveness of Its Controls over Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios. Based on the Trust Services Criteria for Security" (Assertion) that Vervent's controls over the Servicing System for title assets and unsecured loan, lease, and credit card portfolios (System) were effective throughout the period October 1, 2021 to October 31, 2022, to provide reasonable assurance that its principal service commitments and system requirements were achieved based on the trust services criteria relevant to security (applicable trust services criteria) set forth in TSP section 100, 2017 *Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*).

The Assertion also indicates that Vervent's ("Service Organization" or "Vervent") controls can provide reasonable assurance that certain service commitments and system requirements can be achieved only if complementary user entity controls assumed in the design of Vervent's infrastructure's controls are suitably designed and operating effectively, along with related controls at the service organization. Our examination did not extend to such complementary user entity controls and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Vervent uses a subservice organization to supplement its services. The description of the boundaries of the system indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Vervent to achieve Vervent's service commitments and system requirements based on the applicable trust services criteria. The description of the boundaries of the system does not disclose the actual controls at the subservice organization. Our examination did not include the services provided by the subservice organization, and we have not evaluated the suitable design or operating effectiveness of such complementary subservice organization controls.

### Service Organization's Responsibilities

Vervent management is responsible for its assertion, selecting the trust services categories and associated criteria on which its assertion is based, and having a reasonable basis for its assertion. It is also responsible for:

- Identifying the Servicing System for title assets and unsecured loan, lease, and credit card portfolios and describing the boundaries of the System;
- Identifying the principal service commitments and system requirements and the risks that would threaten the achievement of its principal service commitments and service requirements that are the objectives of the System; and
- Identifying, designing, implementing, operating, and monitoring effective controls over the Servicing System for title assets and unsecured loan, lease, and credit card portfolios (System) to mitigate risks that threaten the achievement of the principal service commitments and system requirements.

**Service Auditor's Responsibilities**

Our responsibility is to express an opinion on the Assertion, based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion, which includes:

- Obtaining an understanding of Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios relevant to security policies, procedures, and controls;
- Testing and evaluating the operating effectiveness of the controls; and
- Performing such other procedures as we considered necessary in the circumstances.

The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence we obtained during our examination is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination was not conducted for the purpose of evaluating Vervent's cybersecurity risk management program. Accordingly, we do not express an opinion or any other form of assurance on its cybersecurity risk management program.

**Inherent Limitations**

Because of their nature and inherent limitations, controls may not prevent, or detect and correct, all misstatements that may be considered relevant. Furthermore, the projection of any evaluations of effectiveness to future periods, or conclusions about the suitability of the design and operating effectiveness of the controls to achieve Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios' principal service commitments and system requirements, is subject to the risk that controls may become inadequate because of changes in conditions, that the degree of compliance with such controls may deteriorate, or that changes

made to the system or controls, or the failure to make needed changes to the system of controls, may alter the validity of such evaluations.

**Opinion**

In our opinion, management's assertion that the controls within Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios were effective throughout the period October 1, 2021 to October 31, 2022 to provide reasonable assurance that Vervent's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

CyberGuard Compliance, LLP

December 13, 2022
Las Vegas, Nevada

## SECTION TWO: MANAGEMENT'S REPORT OF ITS ASSERTIONS ON THE EFFECTIVENESS OF ITS CONTROLS OVER VERVENT'S SERVICING SYSTEM FOR TITLE ASSETS AND UNSECURED LOAN, LEASE, AND CREDIT CARD PORTFOLIOS BASED ON THE TRUST SERVICES CRITERIA FOR SECURITY

December 13, 2022

**Scope**

We, as management of Vervent, are responsible for:

- Identifying Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios (System) and describing the boundaries of the System, which are presented in the section below (Attachment A) titled Vervent's Description of its Servicing System for title assets and unsecured loan, lease, and credit card portfolios (Description);
- Identifying our principal service commitments and system requirements (Attachment B);
- Identifying the risks that would threaten the achievement of its principal service commitments and service requirements that are the objectives of our system, which are presented in the section below (Attachment B)
- Identifying, designing, implementing, operating, and monitoring effective controls over Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios (System) to mitigate risks that threaten the achievement of the principal service commitments and system requirements; and
- Selecting the trust services categories that are the basis of our assertion.

In designing the controls over the System, we determined that certain trust services criteria can be met only if complementary user entity controls are suitably designed and operating effectively for the period October 1, 2021 to October 31, 2022.

Vervent uses a subservice organization to supplement its services. The description of the boundaries of the system indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Vervent, to achieve Vervent's service commitments and system requirements based on the applicable trust services criteria. The description of the boundaries of the system does not disclose the actual controls at the subservice organization.

We assert that the controls within the system were effective throughout the period October 1, 2021 to October 31, 2022, to provide reasonable assurance that the principal service

commitments and system requirements were achieved based on the criteria relevant to security set forth in the AICPA's TSP section 100, 2017 Trust Services Criteria for Security, Availability, Confidentiality, Processing Integrity, and Privacy, if subservice organizations and user entities applied the complementary controls assumed in the design of Vervent's Servicing System for title assets and unsecured loan, lease, and credit card portfolios controls throughout the period October 1, 2021 to October 31, 2022.

*Vervent*

**ATTACHMENT A: VERVENT'S DESCRIPTION OF ITS SERVICING SYSTEM FOR TITLE ASSETS AND UNSECURED LOAN, LEASE, AND CREDIT CARD PORTFOLIOS**

## *System Overview*

The System is comprised of the following components:

- ***Infrastructure*** **-** The physical and hardware components of a system (facilities, equipment, and networks)
- ***Software*** **-** The programs and operating software of a system (systems, applications, and utilities)
- ***Data*** **-** The information used and supported by a system (transaction streams, files, databases, and tables)
- ***People*** **-** The personnel involved in the operation and use of a system (developers, operators, users, and managers)
- ***Procedures*** **-** The automated and manual procedures involved in the operation of a system

**Infrastructure**

The operations and corporate facilities are located in San Diego, CA. Vervent utilizes a combination local area network ("LAN") / wide area network ("WAN") to share data among its employees. The IT data centers are located in the Portland, OR and Sioux Falls, SD facilities and are accessible 24 hours a day, 7 days a week, and 365 days a year to authorized Vervent personnel. Vervent uses internal IT expertise and follows internal business and IT policies and procedures to support its daily IT administration and service operation.

The Vervent Management Servicing Platforms are hosted on-premises and via SaaS providers.

Logical controls separate the containerized production, staging, and development environments. Administrative access is restricted to authorized administrators, who must authenticate via a bastion host through a secure SSH key, IAM roles, and multi-factor authentication.

**Software**

The Vervent Management Systems platforms runs in a containerized environment with MS Operating System or Linux Operating System as the base. Monthly, the continuous integration platform runs an automated process to update the image. A configuration management tool is used to configure software applications on individual instances using approved scripts.

**Data**

Inbound integrations to the Vervent Management Systems are configured with third parties via Vervent utilizing third party APIs. Vervent validates, stores, and processes contact data

within the Vervent Management System platform. Data is stored on database servers running MS SQL Server within the production environment. All data is encrypted at rest, and SSL encrypts data in transit between the container and databases. Processed contact data is provided to customers in various ways:

- Customers can access the processed contact data via Vervent's online portals.
- Reports of processed contact data can be configured to send to customers via Vervent cloud-based email delivery platform, on a defined schedule.
- Outbound integrations via APIs send processed contact data to third-party marketing automating platforms, CRMs, and Custom Data Platforms.

Under a managed services agreement, Vervent manages the product on behalf of the customer. As part of these services, Vervent typically provides reports of activity and status to the customer.

**People**

The following functional roles/teams comprise the framework to support effective controls over governance, management, security, and operation:

- *Board of Directors* establishes business and strategic objectives to meet the interests of stakeholders and provides independent oversight of financial and operational performance. The board of directors meets with the executive management team on a quarterly basis, or more frequently as needed. Management presents operational and third-party assessment results to the board of directors upon completion. Board attendance is tracked, and discussion points and decisions are documented in board minutes. The board operates under bylaws that define responsibilities, including the oversight of management's system of internal control. The board consists of sufficient members who are independent from management and are objective in making decisions.
- *Executive Management* oversees, and is ultimately responsible for, all aspects of service delivery and security commitments. Among other responsibilities, Executive Management ensures that controls are enforced, risk assessment/management activities are approved and prioritized, people are appropriately trained, and systems and processes are in place to meet security and service requirements.
- *Compliance* is responsible for creating and maintaining a comprehensive Compliance Program to effectively handle all matters related to regulatory compliance, data privacy compliance, as well as ensure compliance with all applicable laws surrounding the services that Vervent provides. Compliance is also responsible for ensuring Vervent employees are aware of and actively complying with anything related to the aforementioned through the implementation of mandatory compliance training.
- *Human Resources* is responsible for managing all functions related to recruiting and hiring, employee relations, performance management, training, and resource management. Human Resources partners proactively with Executive Management

and business units to ensure that all initiatives are appropriately aligned with Vervent Company's mission, vision, and values.

- *Information Technology (IT)* management has overall responsibility and accountability for the enterprise computing environment. IT Operations personnel administer systems and perform services supporting key business processes, including architecting and maintaining secure and adequate infrastructure, monitoring network traffic, and deploying approved changes to production. The Application Development team is responsible for application development, initial testing of changes, and troubleshooting/resolving application issues.
- *Information Security* is responsible for assessing and managing risk, defining control objectives, monitoring performance of security controls, addressing and responding to security incidents, maintaining and communicating updates to security policies, and conducting security awareness training of all users.
- *Customer Success Managers (CSM)* are responsible for initiating the creation of new customer instances on the Vervent Management System platform, adding users to new customer instances, providing user documentation to and coordinating training for new customers, and overall management of the account to ensure continued customer satisfaction.
- *Customer Support* is responsible for creating new customer instances on the Vervent Management System platform, fielding customer calls regarding the Vervent Management System platform services, initiating and responding to help desk tickets based on customer requests, and communicating with customers regarding any issues or outages.

Vervent is committed to equal opportunity of employment, and all employment decisions are based on merit, qualifications, and abilities. Employment-related decisions are not influenced or affected by an employee's race, color, nationality, religion, sex, marital status, family status, sexual orientation, disability, or age. Vervent endorses a work environment free from discrimination, harassment, and sexual harassment.

**Procedures**

Vervent has a Chief Information Security Officer who is responsible for the design and oversight of security initiatives. The CISO reports directly to the CTO. The IT policy framework describes the procedures followed to ensure the performance of consistent processes over the security, availability, confidentiality, and operation of the Vervent Management System platform. All IT policies are reviewed on an annual basis, or more frequently as needed, by the CTO and CISO.

All employees are expected to adhere to Vervent's IT policy framework as acknowledged during new hire onboarding and during annual security awareness training. The IT policy framework includes procedures that provide guidance on the consistent performance of controls and processes necessary to meet service commitments and system requirements.

## *Incident Disclosure*

No security incidents were detected or reported during the audit period that would affect Vervent's service commitments or system requirements.

### Complementary Subservice Organization Controls

Certain principal service commitments and system requirements can be met only if complementary subservice organization controls (CSOC) assumed in the design of Vervent's controls are suitably designed and operating effectively at the subservice organizations, along with related controls at Vervent.

### Description of Complementary User Entity Controls

Vervent controls were designed with the assumption that certain controls would be implemented by user entities (or "customers"). Certain requirements can be met only if complementary user entity controls assumed in the design of Vervent's controls are suitably designed and operating effectively, along with related controls at Vervent.

## ATTACHMENT B: PRINCIPAL SERVICE COMMITMENTS AND SYSTEM REQUIREMENTS

### *Company Background*

Vervent sets the global standard for outperformance by delivering superior expertise, future-built technology, and meaningful services. Vervent supports its industry-leading clients with primary strategic services including Loan & Lease Servicing, Credit Card Servicing/Full-Service Credit Card Programs, Backup Servicing/Capital Markets Support, Call Center Services, and Card Marketing & Customer Acquisition.

Vervent empowers companies to accelerate business, drive compliance, and maximize service. Vervent is committed to providing the highest level of service to our clients and their customers while maximizing lender and investor returns.

Vervent maintains geo-redundant operations and fully support Vervent's clients, through five state-of-the-art operations centers located in Baja California, Mexico; Portland, OR; Sioux Falls, SD; Longview, TX; and at the HQ in San Diego, CA. Vervent Baja is the largest ops center with a 1,110 seat-capacity and is located just 30 minutes from the San Diego location across the San Diego/Tijuana border. This center provides us with a nearshore model that offers full operations oversight from Vervent's leadership team with the economic advantage of operating in Mexico. Vervent Portland includes a 200-seat operations, finance and IT center and includes one of two IT command centers. Vervent Sioux Falls is the hub of the Credit Card and Risk department and contains the second IT center. Vervent Longview is the largest US-based operations center with a 250-seat agent capacity. Vervent San Diego houses corporate and executive staff, along with a 150-seat operations center. Vervent's clients include financial institutions, private equity groups, and other consumer and commercial finance entities. Vervent also works hand-in-hand with a wide variety of originator partners to ensure best-in-class service operations to help them manage their servicing needs.

Vervent services a wide spectrum of debt obligations, including:

- Credit Card
- Unsecured Consumer Loans
- Purchase Finance/Marketplace Lending Loans and Leases
- Student Loans
- Auto & Powersports Loans and Leases
- Green & solar energy Loans and Leases
- Home improvement Loans and Leases
- Small Business Loans and Leases
- Income Share Agreements Consumer and Commercial

## *Description of Services Provided*

Vervent technologies support management functions for loan, lease and credit card servicing:

- Vervent provides primary servicing functions for a variety of clients that include installment loans, leasing and servicing records utilizing Vervent's Servicing System (VSS) or the client's servicing platform.

The Vervent Servicing System (VSS) consists of the following components:

- Loan Module –provides full spectrum servicing functionality for loans and income share agreements to Vervent's clients.
- Lease Module –provides end-to-end lease lifecycle management to service Vervent's lease portfolios.
- Credit Card Module- provides a versatile card servicing platform with integrated application processing and full account lifecycle management.

## *Principal Service Commitments and System Requirements*

Vervent's commitment to security covers consumers, clients and their customers and is documented and communicated to clients in the Master Services Agreement and the description of service document published on the customer-facing website. The principal security commitments include, but are not limited to:

- Maintain appropriate administrative, physical, and technical safeguards to protect the security and integrity of Vervent's Management Services platform and the customer data in accordance with Vervent's security requirements.
- Perform annual third-party security and compliance audits of the environment, including, but not limited to:
  - Reporting on Controls at a Service Organization Relevant to Security, Availability, Confidentiality, Processing Integrity, or Privacy (SOC 1 and SOC 2) examinations.
  - Payment Card Industry (PCI) Data Security Standard (DSS) Assessment
- Use formal HR processes, including background checks, code of conduct and company policy acknowledgements, security awareness training, disciplinary processes, and annual performance reviews.
- Follow formal access management procedures for the request, approval, provisioning, review, and revocation of Vervent personnel with access to any production systems.
- Prevent malware from being introduced to production systems.
- Continuously monitor the production environment for vulnerabilities and malicious traffic.
- Use industry-standard secure encryption methods to protect customer data at rest and in transit.
- Transmit unique login credentials and customer data via encrypted connections.

- Maintain an availability SLA for customers of 99.5% uptime for each calendar quarter.
- Maintain a disaster recovery and business continuity plan to ensure availability of information following an interruption or failure of critical business processes.
- Maintain and adhere to a formal incident management process, including security incident escalation procedures.
- Maintain confidentiality of customer data and notify customers in the event of a data breach.
- Identify, classify, and properly dispose of confidential data when retention period is reached and/or upon notification of customer account cancellation.

Vervent establishes system and operational requirements that support the achievement of the principal service commitments, applicable laws and regulations, and other system requirements. These requirements are communicated in Vervent's policies and procedures, system design documentation, and/or in customer contracts. Information Security policies define how systems and data are protected. These policies are updated as appropriate based on evolving technologies, changes to the security threat landscape, and changes to industry standards, provided any updates do not materially reduce the service commitments or overall service provided to customers as described in the customer contracts.

Vervent regularly reviews security performance metrics to ensure these commitments are met. If material changes occur that reduce the level of performance metrics within the agreement, Vervent will notify the customer via the prescribed communication methods.