VIII. Audit Requirements

A. Mandatory Audits

The Permitted Entity agrees that it will be subject to mandatory audits conducted by SSA as follows:

1. Initial Audit
   a. Every Permitted Entity enrolled in eCBSV will be subject to an initial audit once in the first year after executing this user agreement;
   b. Every Financial Institution serviced by the Permitted Entity, if any, will be subject to an initial audit once within the first three (3) years after the Permitted Entity executes this user agreement.

2. Subsequent Audit
   a. If the Permitted Entity is subject to regulatory enforcement and oversight actions under section 505(a)(1)-(7) of GLBA and has no Type I or Type II noncompliance violations as defined in section IX A, below, in the most recent audit, will be subject to an audit once every 5 years after the first audit;
   b. If the Permitted Entity is not subject to regulatory enforcement or oversight actions under section 505(a)(1)-(7) of GLBA, or has any Type I or Type II noncompliance violations, will be subject to an audit every year;
   c. The Permitted Entity and the Financial Institutions it services, if any, are subject to audits at SSA’s discretion at any time.