

CHAPTER 15

CORRESPONDENT LENDER

Some lenders may opt to perform limited processing functions on loans that will be delivered to the Housing Development Fund. This section will outline lender requirements when the lender is approved as a “correspondent” lender by submitting the required documentation under Section 1.1 Application Agreement Package.

Section 15.1 Maintaining Lender Approval

After initial approval, participating lenders will be required to meet the following requirements to maintain their status as a correspondent lender:

- Provide complete annual financial statements within 90 days of lender’s fiscal year end.
- Provide copies of annual license renewals as was required in Application Agreement Package.
- Provide written notice to Housing Development Fund of any major organizational changes, including but not limited to:
 - Resignation or replacement of senior management personnel.
 - Resignation or replacement of designated Housing Development Fund delegated staff.
 - Mergers, acquisitions or corporate name change.
 - Any reorganization, which centralizes or decentralizes a primary function (i.e., underwriting, closing or post-closing).
 - Opening or closing of offices originating Housing Development Fund loans (include address, phone number, fax number and branch manager’s name).
- Advise the Housing Development Fund immediately of any suspensions, sanctions, debarments, probationary status, or any other action imposed by any federal, state or local authority. The Housing Development Fund will notify any federal, state or local authority of any similar action taken by it.
- Maintain compliance with Housing Development Fund policies, procedures, rules and regulations as stated in this guide and subsequent notification and comply with terms and conditions contained in the Program Loan Purchase Agreement.

Section 15.2 Lender Representations

The participating lender represents and warrants to the Housing Development Fund the following:

- The lender will at all times maintain adequate capital and personnel for the proper transaction of its business and the performance of its obligations in connection with this procedural guide.
- The lender is not under any cease and desist order or other order of a similar nature, temporary or permanent, of any federal, state, or local authority, nor are any proceedings pending or to its knowledge contemplated which would, if successful, lead to the issuance of such order.
- The lender will have all consents, licenses and approvals required for making of loans in accordance with this guide.

Section 15.3 Loan Warranties

The correspondent lender hereby represents and warrants as to each and every program loan assigned to the Housing Development Fund pursuant to the Agreement as follows:

- The program loan has been made to an eligible borrower to finance an eligible single-family dwelling, all in accordance with the set guidelines.
- The correspondent lender has no knowledge of any material misstatement or omission in the documents and information provided by or on behalf of the eligible borrower or the correspondent lender in connection with the loan.
- The acquisition cost, as defined in this procedural guide, was not at the time of closing in excess of the limitations established for the QMB Program.
- The terms, covenants and conditions of the loan have not been changed in any respect, which would materially affect the value, validity, enforceability or prompt payment of the loan.
- On the delivery date, the correspondent lender has met all eligibility requirements provided in the application guidelines.
- All signatures are the authorized and fully binding commitment of the signatory.
- Correspondent lender has performed any and all services necessary to earn the payment described in Section 15.5.
- The representations and warranties of the correspondent lender in its agreements with the Housing Development Fund are true and correct as of the date of assignment.

Section 15.4 Responsibility

The correspondent lender will be held responsible to the extent of the level of participation listed in Section 15.5 and the Application Guidelines.

Section 15.5 Services and Payment

For each loan that the correspondent lender performs the requisite services described in A and B below, is accepted by the Housing Development Fund and becomes a closed loan, the Housing Development Fund will pay the correspondent lender the amount of \$425. To become eligible to receive this amount, the correspondent lender shall perform all services listed in category A and at least two of the five items listed in category B, resulting in a minimum of six services completed.

Category A

- Taking information from the borrower and filling out a standard application.
- Analyzing the prospective borrower's income and debt and pre-qualifying the prospective borrower to determine the maximum mortgage that the prospective borrower can afford.
- Educating the prospective borrower in the home buying and financing process, advising the borrower about the types of loans available and demonstrating how closing costs and monthly payments could vary under various loan types.
- Collecting financial information (tax returns, bank statements) and other related documents that are part of the application process.

Category B

- Ordering the appraisal on the property with authorization by the Housing Development Fund.
- Maintaining regular contact with the borrower, realtors and the Housing Development Fund between application and closing to apprise them on the status of the application and gather any additional information as needed.
- Ordering inspections or engineering reports with authorization by the Housing Development Fund.
- Ascertaining through CBC Flood Services whether the property is located in a flood zone.
- Participating in the loan closing.

A copy of any loan application that the correspondent lender desires the Housing Development Fund to consider **MUST** be faxed within 24 hours of the taking of the application. If it is a purchase, the sales contract must be attached and if a refinance loan, a copy of the current deed must be attached.

Payment to the correspondent lender will be issued by check within thirty (30) days after the closing date.

Section 15.6 Loan Terms

The maximum interest rate and term for the loan will be specified and communicated to the correspondent lender by the Housing Development Fund.

Section 15.7 Correspondent Lender Processing Procedures

Loans originated and processed under the Housing Development Fund's QMB or QMB Plus Program (Chapter 4 and Chapter 5) and Secondary Market Program are to follow specific program requirements as described within this guide.

Section 15.8 Rate Sheet

Each day a rate sheet is delivered via e-mail providing information on the program rates and terms available for that day.

Section 15.9 Locking in a Loan

To reserve funds for a borrower, the lender completes a Housing Development Fund Correspondent Lending Registration/Lock-In Form, FNMA 1003 Application (with income information, liability account numbers and executed by borrowers), Executed Assignment of Loan, Borrowers signature authorization, and executed Sales Contract (if applicable) and faxes the documentation to the processing center at (304) 340-9983.

The registration form will be reviewed and executed by the Fund and returned to the lender by fax. All lock-ins are subject to the Lock-in Expiration Policy located in Section 9.4 within this guide.

Section 15.10 Loan Review

The Housing Development Fund Processing staff will review and analyze the initial documentation to match potential candidates to a product based on applicant need, eligibility and qualification. The Housing Development Fund staff will input loan application, complete all initial disclosures and mail to applicant with a request for any needed documentation from the applicant. Simultaneously, the file will be submitted to DO underwriting for preliminary approval. Appraisals will be ordered when preliminary approval is given.

Approval and any conditions will be faxed/e-mailed to the Correspondent Lender. The processor will transmit approval conditions to the applicant and work to clear them as necessary. The title search will be ordered. Preliminary closing date determined.

Section 15.11 Loan Approval

Upon receipt of the initial documents, the appraisal and all required conditions, the loan is submitted to the Housing Development Fund's underwriting department for final approval. After receipt of final approval, the lender is notified of approval and the required closing conditions.

Section 15.12 Loan Closing

Upon receipt of the required closing conditions, the Housing Development Fund's processing staff schedules closing with the applicant, attorney and lender.

The Housing Development Fund's Closing Staff will prepare and deliver the closing documents and request funds for disbursement by the Closing Attorney.

The Housing Development Fund's Closing Staff will conduct post-closing follow-up with the applicant and the lender as necessary.

Section 15.13 Servicing

To the extent that it has the right to do so, the correspondent lender assigns the servicing of loans to the Housing Development Fund.