

**FOR THOSE INTERESTED IN BECOMING A CORRESPONDENT LENDER REFER TO CHAPTER 15 FOR ELIGIBILITY AND RESPONSIBILITY REQUIREMENTS.**

### **Section 1.2 Participating Lender Eligibility Requirements**

To be approved as a Housing Development Fund lender, the lender must meet and maintain the following qualifications:

- Submit, and be approved, under the Application Agreement Package in Section 1.1.
- Be approved as an originator by a private mortgage insurer acceptable to the Housing Development Fund, or approved by Federal Housing Administration (FHA), Veterans Administration (VA) or Rural Development (RD).
- Be knowledgeable of Fannie Mae's current Selling Guide regarding mortgage eligibility, underwriting, and appraisal and property guidelines. These guidelines are available at <http://www.allregs.com/efnma/>.
- Maintain an office within West Virginia that generally complies with the following requirements:
  - A minimum of 250 square feet in size.
  - Outdoor sign bearing company name.
  - Accessible to the general public, including individuals with a disability. Generally, lenders must provide services or accommodations that are equal to those provided to others. This includes measures to remove barriers that prevent the disabled from receiving the same level of service as others.
  - A West Virginia mailing address.
  - At least one full time employee assigned to the office.
  - A minimum of 15 posted hours per week during normal business hours, during which time the office will be open and manned. If the hours are less than the normal 40-hour week, a handout must be given to the applicant at the time the application is taken. This handout must state the posted hours and a telephone number where the lender can be reached during the business hours that are not covered by the posted hours in the West Virginia office.
  - A West Virginia telephone number.
  - Computer hardware and software compatible to the Housing Development Fund (to be implemented at a later date).
  - An answering machine or voice mail.
  - Have internet access to obtain rate sheet and details about the Housing Development Fund's programs as well as make loan reservations.

- Underwriters and closing employees must attend training sessions provided by the Housing Development Fund.
- Must have full-time staff experienced in single-family mortgage loan origination, processing, underwriting, closing and post-closing.
- Meet all federal, state, and local laws and regulations.
- Provide bonds in the name of the Housing Development Fund if required.

### **Section 1.3 Maintaining Lender Approval**

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

- Provide complete annual financial statements within 90 days of the lender's fiscal year end.
- Provide copies of annual license renewals required in the Application Agreement Package (Chapter 1, Section 1.1).
- Provide written notice to the 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 the Housing Development Fund's policies, procedures, rules and regulations as stated in this guide and subsequent notifications. Comply with terms and conditions contained in the Program Loan Purchase Agreement.

#### **Section 1.4 Approved Lender Options and Responsibilities**

Lenders will be approved based on the option in which the Housing Development Fund feels they have the expertise and capacity to complete the required functions along with repurchase ability. The lender is responsible for originating, processing, and underwriting when the lender is approved as a delegated lender, closing and post-closing all Housing Development Fund loans in accordance with the guidelines and procedures covered in this guide, the appropriate insurer requirements, and all regulatory requirements of the following: RESPA, Regulation X, ECOA, Regulation B, FCRA, TILA, Regulation Z, Fair Housing Act, Homeowners Protection Act of 1998 and Flood Act and any other applicable federal and state laws and regulations.

#### **Section 1.5 Participating Lender Duties**

A participating lender has the following general responsibilities:

- Loans must be made only to eligible borrowers, with all borrowers required to take title to the property.
- Loans must be made only to finance eligible dwellings.
- Loans must be secured by a valid first lien on the eligible dwelling, or second lien for the Home Ownership Assistance Program.
- Loans must be subject to adequate insurance coverage as set out in this procedural guide and the Fannie Mae's Seller's Guide.
- Loans must satisfy required loan conditions.
- Proper loan closing procedures must be utilized.
- Loans must otherwise be an eligible loan in accordance with the Procedural Guide, the Fannie Mae's Seller's Guide, and the requirements of FHA, VA, and RD programs, as applicable.
- On Qualified Mortgage Bond (QMB) and Qualified Mortgage Bond Plus (QMB Plus) loans, assure compliance with all requirements of Appendices B-1 and B-2 and regulatory compliance as outlined in Chapters 4 and 5 of this guide.
- Loans must comply with all federal, state, and local laws, rules and regulations applicable to mortgage transactions, including, but not limited to, truth-in-lending laws, licensing laws, Homeowners Protection Act of 1998, Reg B and usury laws.

#### **Section 1.6 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 1.7 Loan Warranties**

The participating lender represents and warrants every loan purchased by the Housing Development Fund pursuant to this guide as follows:

- The loan will be made to an eligible borrower to finance an eligible dwelling, secured by a valid first lien, all in accordance with the Program Standards and this guide.
- The lender has no knowledge of any material misstatement or omission in the documents and information provided by or on behalf of the borrower or the lender in connection with the loan.
- That all hazard, title, and mortgage insurance policies will be obtained pursuant to the guide or within the normal processing time after closing.
- The lender will not advance funds (directly or indirectly induced or solicited any advance of funds by another person) for the payment of principal, interest, or escrow payments required to be made pursuant to the loan.
- All documents required to be recorded or filed in a public office to perfect the lien securing the loan will be duly and timely filed or recorded by the lender in the proper public office to give constructive notice thereof to all subsequent purchasers or encumbrances.
- The loan is not subject to any existing security interest, assignment, or pledge. The lender has good title thereof and full right and authority to assign and transfer the same and to endorse and deliver all required documents, free and clear of encumbrances.
- On the delivery date, the lender will meet all eligibility requirements provided in this guide.
- No payment required by the loan is delinquent, no event of default is continuing, and no event has occurred and is continuing which would with the passage of time or giving of notice thereof constitute an event of default.
- If the loan is a Qualified Mortgage Bond (QMB) loan, it complies with each and every requirement of the Internal Revenue Code, and the regulations issued pursuant thereof.