

Mortgage Credit Certificate Participating Lender Requirements

To be approved as a Mortgage Credit Certificate Participating Lender, the lender applicant must meet the following qualifications:

A. Authorization to Do Business and Branch Location

The lender applicant must be authorized to do business in Virginia and be licensed as a mortgage lender pursuant to Chapter 16 of Title 6.2 and have a physical office located in Virginia to which the general public may make applications for Mortgage Credit Certificates.

B. Experienced Staff

The lender applicant must have a staff with demonstrated ability and experience in mortgage loan origination, processing, underwriting, closing, and post-closing.

C. Application, Participation Agreement and Payment of Participation Fee

The lender applicant must submit an application for approval as a Participating Lender and if approved, execute a Virginia Housing Development Authority Mortgage Credit Certificate Lender Participation Agreement and pay the required participation fee in the amount of \$3,200.00.

D. Funding Capacity

The lender applicant must have the capacity to close and fund all mortgage loans for which it will underwrite Mortgage Credit Certificates because VHDA will only issue a Mortgage Credit Certificate for a loan that has been approved, closed and funded by the approved Participating Lender who originated the Mortgage Credit Certificate.

E. IRS Reports

The lender applicant must be aware it will be required to file IRS Form 8329 accurately and on time. VHDA will share information with the lender applicant but the sole responsibility for filing IRS Form 8329 will be on the lender applicant.

F. VHDA Fair Housing Policy

The lender applicant must certify to VHDA that its applicable officers have read VHDA's Fair Housing Policy and acknowledged that, if approved as a VHDA Originating Lender, the lender applicant must comply with such policy in originating, processing, and closing loans with Mortgage Credit Certificates. VHDA's Fair Housing Policy is available at www.vhda.com.

G. Other Qualifications

The lender applicant must have a physical office located in Virginia to which the general public may make loan application and which has originated loans for a period of not less than 12 months. An exception to the 12 months part of this requirement may be granted, in VHDA's sole discretion, for lender applicants with loan officers who have significant VHDA Origination experience in the previous 12 months. In addition, the lender applicant must meet such other qualifications as the Executive Director shall deem to be related to the performance of its duties and responsibilities.

H. Hiring Procedure

The lender applicant must provide a copy of its hiring procedures for checking all employees, including management, involved with the origination of mortgage loans against the GSA Exclusionary List and HUD LDP List, and any successor or related lists.

1.1 Originating Lender Approval Process

The following details the process for application for approval as a VHDA Mortgage Credit Certificate Participating Lender:

A. Application

Lender applicant generates application package on-line or requests an application package from VHDA's Business Partner Product Manager, completes the application, and forwards along with other required supporting documentation to VHDA's Business Partner Product Manager

VHDA's Business Partner Product Manager reviews the application and responds by letter of approval or rejection to the lender's senior management.

B. Execution of Participation Agreement and Payment of Participation Fee

If the lender applicant is approved, the lender applicant will execute the VHDA Mortgage Credit Certificate Participation Agreement and pay VHDA a required participation fee of \$3,200.

C. Required Training

The lender applicant's staff must complete required VHDA training prior to being authorized to originate Mortgage Credit Certificates. Training will be required for all staff involved in the Mortgage Credit Certificate origination and closing process.

Completion of the foregoing will make the lender applicant an approved Participating Lender.

1.2 Maintaining Originating Lender Approval Status

After initial approval, each Participating Lender will be required to meet the following specified requirements to maintain their status as an approved Participating Lender:

A. Minimum Origination Volume

Originate no fewer than 10 Mortgage Credit Certificates during the first twelve months and each full calendar year thereafter, unless otherwise approved by VHDA. A lesser required volume may be required, in VHDA's sole discretion, of lenders primarily serving underserved or rural areas.

B. Notification of Organizational Changes

Participating Lenders must provide written notice to VHDA's Business Partner Product Manager of any major organizational changes contemplated, including but not limited to:

- Resignation or replacement of senior management personnel
- Resignation or replacement of designated VHDA delegated staff
- Mergers, acquisitions or corporate name change

- Change in savings and loan association charter to become banking association
- Change in financial position
- Any reorganization, which centralizes or decentralizes a primary function (i.e. underwriting, closing or post-closing)
- Opening or closing of offices originating VHDA loans (include address, phone number and branch manager's name)

C. Compliance with VHDA Requirements

Participating Lenders must maintain compliance with VHDA policies, procedures, rules and regulations as stated in the Mortgage Credit Certificate Program Guide and subsequent notifications and must comply with all terms and conditions contained in the Participation Agreement.

D. Acceptable Document Submission

Participating Lenders must originate and submit Mortgage Credit Certificate documentation in compliance with program guidelines.

E. Payments of Fees

Participating Lenders must collect administration fees in the amount of \$750 per transaction and pay those fees to VHDA as part of the Mortgage Credit Certificate application unless the Authority has informed the Participating Lender the fee is waived for a particular borrower.

F. Record Retention

Participating Lenders must maintain records in accordance with IRS requirements for Mortgage Credit Certificates.

