

**DEFINITIONS**

A Bank/Credit Union Lender is a lending institution that is regulated by and in good standing with its applicable federal and/or state banking/credit union regulatory agency.

A Non-Bank/Credit Union Lender is any other institution actively engaged in mortgage lending in North Dakota. Approval of a Non-Bank Lender is strictly at NDHFA's discretion and NDHFA reserves the right to waive any of the Non-Bank Lender qualifications listed below.

**ELIGIBILITY QUALIFICATIONS APPLICABLE TO "BANK/CREDIT UNION LENDER"**

1. Must maintain an origination office within North Dakota.
2. Must have a blanket fidelity bond and errors & omissions (E&O) insurance coverage each in a minimum amount of \$300,000 in effect at all times.
3. Must have in place and can demonstrate enforcement of a Quality Control Plan (QCP) acceptable to NDHFA.
4. Must successfully complete NDHFA new lender training.

**ELIGIBILITY QUALIFICATIONS APPLICABLE TO "NON-BANK/CREDIT UNION LENDER"**

1. Must maintain an origination office within North Dakota.
2. Must have operated an origination office in North Dakota for at least 2 years prior to applying to be a Participating Lender and have originated at least \$6,000,000 annually during this period.
3. Must originate loans using own funds or have a warehouse line of credit (LOC) equal to the greater of the lender's two month average originations during the previous 2 years or \$1,000,000.
4. Must originate and successfully sell a minimum of 10 loans per year to the NDHFA.
5. Must maintain at all times a minimum net worth of \$250,000 as determined by NDHFA. If the minimum net worth drops below \$250,000, the lender must inform NDHFA within 10 days at which time NDHFA will determine corrective action.
6. Must have a blanket fidelity bond and errors & omissions (E&O) insurance, each of which requires a minimum amount of \$300,000.
7. Must have in place and can demonstrate enforcement of a Quality Control Plan (QCP) acceptable to NDHFA.
8. Must provide, annually, documentation indicating compliance with the National Mortgage Licensing System (NMLS) unless specifically exempted from the NMLS and that it is in good standing with the North Dakota Department of Banking and Financial Institutions. Must provide NDHFA with the NMLS identification number of each employee that is subject to the NMLS.
9. Must annually provide audited financial statements or acceptable alternatives and additional reports as determined solely by the NDHFA to the NDHFA.
10. At its discretion NDHFA may require that all loans originated for sale to NDHFA be credit underwritten or reviewed by NDHFA before NDHFA commits to purchase a loan.
11. Must successfully complete NDHFA new lender training.

Any Non-Bank/Credit Union Lender deemed not in compliance with the foregoing criteria, and such noncompliance has continued for one year after such determination, shall be notified by the NDHFA that the Lender has one additional year to regain full compliance. If after one year (end of second year) the noncompliance condition has not been cleared by the NDHFA, the Non-Bank/Credit Union Lender shall be terminated from further participation.

## **ELIGIBILITY QUALIFICATIONS FOR SERVICERS**

A Lending Institution:

1. Must be an approved Lender under the Home Mortgage Finance Program as defined in the Mortgage Purchase Agreement under which we purchased the loan.
2. Must be an approved lender by the loan insurer/guarantor for the Mortgage Loan types to be serviced.
3. Must have a servicing operation located within the state of North Dakota and must be staffed with personnel dedicated to servicing single family residential real estate loans (all Mortgage Loans must be serviced at the North Dakota servicing center).
4. Must currently be servicing a portfolio of single-family residential real estate loans at least equal to, the lesser of, three times the portfolio it proposes to service for the Agency or an aggregate outstanding principal balance of \$10,000,000.
5. Demonstrate that its previous six-month's average delinquency rate for its single family residential real estate loans does not exceed the most recently published Mortgage Bankers Association statistic for North Dakota.
6. Must meet the minimum net worth requirements of its regulatory agency. If not subject to a regulatory agency, then must have at least a three percent capital to asset ratio.

The Agency, in its sole discretion, can waive any of the above requirements when approving a proposed Lending Institution as an Eligible Servicer.