

# chfa participating lender



# approval process



# chfa participating lender approval process

## Table of Contents

CHFA Participating Lender Approval Process	2
General Information	
Useful Links	6
Application Review	6
Compliance and Quality Control Review	
Financial Review	
Financial Statements	
Funding Source and Warehouse	
History and General Scope of Operations	
Post Approval Process/Information	10
Additional Lender Required Documents	
Mortgage Loan Purchase Agreement and Purchase of Servicing Rights Agreement (MPA)	
Corporate Resolution	
Wiring Instruction Form	
Training	10
Fee Structure	11

# chfa participating lender approval process

## General Information

Thank you for your interest in becoming a CHFA Participating Lender!

Any lender that operates and is licensed in the state of Colorado may apply to become a CHFA Participating Lender. To be considered, your organization must meet the following minimum eligibility requirements as well as additional eligibility requirements that are listed in the application package.

- Perform credit underwriting on all loans prior to submitting loans to CHFA for compliance review and/or purchase;
- Have the ability to fund the loans your organization originates;
- Be a member of MERS and be MERS-ready at the time of CHFA Participating Lender approval;
- Ensure that all staff (and any third-party contractors) are knowledgeable about the various aspects of mortgage loan origination, mortgage loan sales, and mortgage loan servicing, as is applicable to their position within your organization;
- Use sound business judgment in all aspects of your operations;
- Demonstrate a commitment to providing sound financing options to low- and moderate-income homebuyers in Colorado;
- Protect homebuyers from fraud, misrepresentation, and/or negligence by and of your organization's staff or third-party contractors involved in the origination process;
- Assure that all necessary staff members are properly licensed in accordance with state and federal laws related to licensing of mortgage loan originators; and
- Pay a \$1,000 nonrefundable application fee.

# chfa participating lender approval process

## process overview

01

### Getting Started

Utilize our application guide to understand the approval process and determine your organization's readiness to become a CHFA Participating Lender.

02

### Pre-application Assessment

Complete and submit our Pre-application Assessment and verify your company meets CHFA's minimum Participating Lender criteria. If the Assessment is incomplete, or if your organization does not meet the criteria, the Participating Lender Application will not be provided.

03

### Application Submission

If your company meets CHFA's minimum Participating Lender criteria, you will receive an invitation to submit a full application, along with a \$1000 application fee. Applications are processed through Comergence/Optimal Blue. Application documents include:

- Policies and Procedures
- Quality Control Reports
- Financial Documents

04

### Application Review

CHFA will review your organization's policies, procedures, and documentation against CHFA and agency guidelines.

05

### Participating Lender Approval

If/When your organization has met CHFA Participating Lender criteria, CHFA will issue an approval letter to your organization to begin originating CHFA loans. It will be at this time that lender must enter into a Mortgage Purchase Agreement with CHFA.

06

### Training

Training will be provided to your organization by an assigned Business Development Specialist. Training is available for both operational and originating staff.

07

### Ongoing Support

CHFA will provide ongoing program and technical support by an assigned Business Development Specialist.

08

### Annual Renewal

Any Participating Lender will be subject to a yearly review to ensure that Participating Lenders maintain CHFA eligibility.

# chfa participating lender approval process

## Process Overview

### 1. Complete the [CHFA Pre-application Assessment](#)

This will help you determine if your organization meets CHFA's minimum criteria to begin the application process.

**Please note:**

If you answer "No" to any question, do not submit the Assessment to CHFA; your organization is not eligible for consideration.

### 2. Application Package Submission

If your organization meets the minimum eligibility criteria as determined by the Pre-application Assessment, you will receive an invitation to continue with the application process. You will be required to submit a complete Application ("Application") along with the application fee before CHFA will begin to review your organization's Application. An Application is defined as the following:

- CHFA Application Questionnaire ("Questionnaire") –The Questionnaire must be fully completed by the Applicant.
- Submission of all CHFA Required Documents as provided on the CHFA Required Documents Checklist ("Checklist") – CHFA provides each Applicant the Checklist as a roadmap of CHFA's requirements related to Participating Lender origination and servicing operations, governance, risk management, compliance, and quality control. The Checklist provides applicants with a list of required documents that must be submitted to CHFA via Comergence with their Application Questionnaire.

### 3. Application Review

The review time of an Application depends on the Applicant's ability to provide a completed Questionnaire, all required documentation as provided on the Checklist, and timely responses by the Applicant to requests for additional information made by CHFA. As such, we recommend you identify a single or primary point of contact from your organization to lead the application process.

Applicants not able to adequately demonstrate they meet CHFA's requirements or who fail to provide an Application will not be considered for approval.

# chfa participating lender approval process

For CHFA to review all Applications in a timely and efficient manner, CHFA will only review an Applicant the lesser of:

- ninety days from receipt of a completed Application as defined above, or
- a maximum of three times.

Applicants outside of these requirements will be denied. Once CHFA issues a denial, Applicants must wait a minimum of 12 months before applying again.

## 4. Approval

If/When your application has been approved, a Mortgage Purchase Agreement (MPA) will be completed and executed by your organization and CHFA.

## 5. Staff Training

If/When the MPA has been executed, CHFA will work with your organization to provide training to your sales and operations staff on originating and selling mortgage loans to CHFA. Once all trainings have been completed, your organization will be permitted to originate CHFA Loans.

## 6. Ongoing Support

Your organization will have a dedicated CHFA Business Development Specialist available to provide ongoing program and technical support specifically regarding CHFA programs and systems.

## 7. Annual Renewal

Yearly, your organization will be responsible for completing CHFA's Annual Renewal Process. The CHFA Annual Renewal will require that you maintain an account with Comerence/Optimal Blue. CHFA will request updated documents for your organization such as Quality Control Procedures and Financial Information. Additionally, CHFA will charge a renewal fee of \$500.00.

# chfa participating lender approval process

## Useful Links

The below links can be accessed for additional information and application preparedness.

### **Comerence/Optimal Blue**

CHFA utilizes this system to track applications and renewals. There is no cost to register. Information on registering can be found at [optimalblue.com/corporate-overview](https://optimalblue.com/corporate-overview).

Additional information regarding Comerence/Optimal Blue can be found at: [o.comerencesupport.com/en/support/solutions/articles/8000015426-registering-as-an-nmls-registered-company](https://o.comerencesupport.com/en/support/solutions/articles/8000015426-registering-as-an-nmls-registered-company)

### **MERS**

[www.mersinc.org/index](https://www.mersinc.org/index)

To apply to become a MERS member, please visit: [eapplication.mersinc.org/](https://eapplication.mersinc.org/).

### **CHFA Seller's Guide**

[www.chfainfo.com/single-family-participating-lenders/sellers-guide](https://www.chfainfo.com/single-family-participating-lenders/sellers-guide)

## Application Review

CHFA conducts a thorough review of each Applicant's financial information, organizational structure, compliance and risk management program, compliance and quality control programs, and written policies and procedures that are relevant to the types of loans that the Applicant intends to originate and sell to CHFA.

CHFA provides each Applicant with a Checklist outlining CHFA's requirements related to Participating Lender origination and servicing operations, governance, risk management, compliance, and quality control. The Checklist provides Applicants with a list of required documents that must be submitted to CHFA via Comerence with their Application Questionnaire.

## Compliance and Quality Control Review

CHFA requires its Participating Lenders to develop and implement a compliance and quality control (QC) program that provides a structure for complying with legal, regulatory, insurer, guarantor, Fannie Mae and Freddie Mac<sup>®</sup> requirements as applicable.

# chfa participating lender approval process

Applicants must have appropriate controls in place for identifying the deficiencies in the loan origination process and for implementing plans to quickly remediate those deficiencies and underlying issues. Applicants must have documented compliance and QC policies and procedures specific to their organization that will function for as long as your organization remains a CHFA Participating Lender.

The QC program should cover the full scope of the Applicant's business, including all channels of production (e.g., retail, correspondent, broker), all product types originated, all employees involved in originating loans, and all vendors or contractors involved in the origination process, including appraisers.

Applicants must also demonstrate an organizational structure where employees conducting QC functions (including those related to establishing, monitoring, and enforcing procedures) are independent of the production, underwriting, and closing departments.

Applicants may outsource the QC process to a third-party QC service provider; however, the Applicant is fully accountable for ensuring that QC loan file reviews comply with applicable requirements, regardless of whether the work is performed by the lender itself or by the QC provider.

In addition, the Applicant is responsible for establishing and maintaining their own QC policies and procedures. Providing the following as a substitute for the Applicant's QC Plan **will not be accepted**: a contract for services with a third-party quality control vendor, utilizing a third-party QC vendor's policies and procedures, or a generic QC template that does not accurately reflect the Applicant's current QC program.

Note: If your company will be originating and delivering Fannie Mae loans to CHFA but is not an approved Fannie Mae Seller/Servicer, your organization may access CHFA's Desktop Underwriter to underwrite these loans. However, your company's QC Plan will be reviewed against Fannie Mae QC requirements.

If your company will be originating and delivering Freddie Mac loans to CHFA, your company is required to be an approved Freddie Mac Seller/Servicer with access to originate Freddie Mac loans and check all parties involved in the transaction against Freddie Mac's Exclusionary List. Documentation of a process to meet this requirement will be reviewed.

# chfa participating lender approval process

## Financial Review

### Financial Statements

Applicants will be required to provide a copy of your organization's audited financial statements prepared in accordance with GAAP, including supplemental information, for the last two years. Supplemental information must include the independent auditor's report in accordance with GAAS and GAGAS on Internal Control, Compliance with HUD Programs, Schedule of Findings, and any Corrective Action Plan, if applicable. Consolidated statements with other entities must show consolidated information by entity.

**Please note:**

HUD ML 2012-29 exempts Small Supervised Lenders (with assets less than \$500 million) from submission of internal control or compliance reports. If your organization meets these criteria, please provide us with an email stating that you meet the Small Supervised Lender requirements and we will accept the financials without the supplemental information.

If you are a bank that cannot provide audited financial statements your organization may provide a Call Report in lieu of Audited Financial Statements.

### Minimum Financial Requirements

Your organization should maintain a tangible net worth of one million dollars and maintain a two-year history of positive income. Not maintaining the minimum tangible net worth will not automatically disqualify your organization as a Participating Lender; however, CHFA may request additional information.

### Funding Source and Warehouse

Your organization will be required to provide your warehouse bank information, including:

- the amount of the warehouse line;
- the current amount available; and
- the interest rate and the monthly payment on the line.

# chfa participating lender approval process

**Please note:**

If you do not use a warehouse line, and instead self-fund, please indicate on the CHFA Form 705.

## History and General Scope of Operations

CHFA requires that your organization provide a narrative outlining your organization's history and general scope of your operations. Your organizational narrative should provide a framework of your organization's operations, structure, and general business practices from inception to present day.

**Please note:**

The decision to approve an organization to become an eligible CHFA Participating Lender is within CHFA's complete and sole discretion. At all times, CHFA has the right to modify its eligibility criteria or to impose additional eligibility requirements. In addition, an organization is not to make any assumptions or rely upon any representation regarding approval until official, written notification from CHFA of eligibility approval has been received by that organization.

# chfa participating lender approval process

## Post-approval Process/Information

### Additional Lender Required Documents

If/When your organization has been approved as a Participating Lender, CHFA will notify your organization and provide an approval letter. In addition, CHFA will provide the following documents:

#### **Mortgage Purchase Agreement and Purchase of Servicing Rights Agreement (MPA)**

An Agreement between CHFA and a Participating Lender pursuant to which CHFA agrees to purchase mortgage loans and servicing rights, if applicable, from the Participating Lender on the terms and conditions set forth in the Agreement.

#### **Corporate Resolution**

Your organization will be required to provide your organization's corporate resolution for signing authority that authorizes specific corporate officers with the legal standing to sign contracts on behalf of your organization.

#### **Wiring Instruction Form**

CHFA will transfer purchase funds to the Participating Lender by wire transfer. It is the Participating Lender's responsibility to assure that CHFA has its most current wiring instructions. CHFA reserves the right to limit the number of funding sources for a Participating Lender.

## Training

Training is required for any new Participating Lender upon approval. Training will be provided to your organization by the Business Development Specialist assigned to your account upon approval. CHFA offers training organized for loan officers and Operations. Loan officers are required to take a live training course which outlines CHFA current programs and policies; these classes may be either in person at the CHFA office, the lender's location, or by live webinar. Training is required regardless of prior CHFA loan origination experience. Operations training is also made available through monthly live webinar classes or on-demand training videos.

# chfa participating lender approval process

## Fee Structure

Refer to CHFA Sellers Guide, available at:

[www.chfainfo.com/single-family-participating-lenders/sellers-guide](http://www.chfainfo.com/single-family-participating-lenders/sellers-guide)

1. Section 405: Extensions, Fees, and Penalties
2. Section 406: Rate Adjustment Fee
3. Section 609: Funding

For more information on CHFA's requirements, please review the CHFA Seller's Guide, available at: [www.chfainfo.com/single-family-participating-lenders/sellers-guide](http://www.chfainfo.com/single-family-participating-lenders/sellers-guide).