



CalHFA Mortgage Credit Certificate (MCC) Tax Credit Participating Lender Qualifications

In order to participate in the CalHFA Mortgage Credit Certificate (MCC) Tax Credit program, lenders must:

1. Be a Fannie Mae or Freddie Mac-eligible Seller and/or HUD-approved Mortgagee
2. Demonstrate capacity and experience as an originator and/or seller/servicer of residential mortgages
3. Be a direct lender and fund loans from lender's own resources or maintain a warehouse line of credit of at least \$1 million
4. Be duly organized, validly existing, properly licensed and in good standing, as a Mortgage Banker, Bank, Savings and Loan or Credit Union or otherwise authorized to conduct business in each of the jurisdictions in which lender originates and/or sells/services residential mortgages
5. Have a minimum of one year in business
6. Have a viable business, demonstrating loans have been delivered to other investors in the lesser of the last twenty-four (24) months, or time in business
7. Have a net worth of \$1,000,000
8. Not be (to include parent company) on any form of "Watch List" or be subject to a cease and desist order, suspended, debarred, under a limited denial of participation, or otherwise restricted under provisions of insuring and guaranteeing agencies, Fannie Mae, Freddie Mac or other governmental agency in the last five (5) years
9. Company or its officers must not be under indictment for, or have been convicted of any offense that reflects adversely upon lender's integrity, competence or fitness to meet the responsibilities of a lender
10. Have in effect a fidelity bond and errors and omissions insurance policy of at least \$300,000; maintain forgery insurance in an amount equal to four percent (4%) of every thousand of the principal of the total loans serviced or \$50,000, whichever is greater; and maintain money or securities ("all risk") coverage, or an equivalent coverage, in an amount equal to the greater of five percent (5%) of every thousand of the principal serviced or \$250,000, whichever is greater. Lender must agree to modify the insurance policies as necessary to meet our requirements
11. Have two (2) senior officers with at least thirty-six (36) months of experience and key personnel with a minimum of twenty-four (24) months experience in each of the following functional areas: production, operations, underwriting, quality assurance/control, secondary marketing, closing, and loan servicing

12. Have adequate management processes, policies and procedures that conform to insuring and guaranteeing agencies and Fannie Mae/Freddie Mac requirements for selecting and evaluating the qualification of and performance of appraisers, closing agents, and other third party vendors
13. Have written policies and procedures that conform to insuring and guaranteeing agencies and Fannie Mae/Freddie Mac requirements for each of the following areas: underwriting, secondary marketing, quality assurance/control and loan servicing. Unless lender has a contractual agreement with a third party quality assurance/control provider, lender's quality assurance/control function should have been in operation for the lesser of the twenty-four (24) months, or time in business
14. Have written policies and procedures that conform to insuring and guaranteeing agencies and Fannie Mae/Freddie Mac requirements for approving and monitoring third party originators
15. Maintain adequate internal audit, quality assurance/control and management control systems that conform to insuring and guaranteeing agencies and Fannie Mae/Freddie Mac requirements. Lender and/or servicer shall keep a record of any activity under these internal systems and upon request, shall make these records available for review
16. Keep complete loan files of each CalHFA MCC Tax Credit issued for six (6) years following origination of the loan. Lender further agrees to make accurate and timely annual filing of IRS Form 8329, which includes any MCC originated in the prior calendar year. Lender accepts full responsibility for these requirements irrespective of if and when the first mortgage is sold to another party
17. At CalHFA's discretion, a Form Opinion of Counsel from lender's legal counsel may be required
18. MCC participating lenders who are not a current CalHFA-approved lender, must pay an initial \$350 fee and execute (initially and annually) a MCC Tax Credit Participating Lender Certification Form, and self-certify (initially and annually) that lender meets the requirements and qualifications within
19. Execute (initially and annually) a Certificate of Authority and Specimen Signatures
20. Execute a CalHFA MCC Tax Credit Participation Agreement
21. Provide other documentation and information that may be requested by CalHFA

NOTES:

- CalHFA may, at its discretion, amend or supplement these eligibility requirements. We approve or disapprove a participating lender and/or applicant based on our assessment of lender's total circumstances; therefore, a participating lender and/or applicant that satisfies our general eligibility requirements does not have an absolute right to be approved and should not expect our approval to be automatically forthcoming
- CalHFA may, at its discretion, terminate a participating lender and/or applicant that has not submitted all documentation, as required
- Submission of a fully completed and executed CalHFA MCC Tax Credit Participating Lender Certification Form along with all requirement supporting documentation shall constitute a representation by the participating lender and/or applicant that it meets all or the requirements specified above