

Lender Participation Guidelines for Single Family Programs

Role of Participating Lender

The Authority's single family mortgage programs (the "Programs") are available to all eligible home buyers purchasing a qualifying home for primary residence in the State of Iowa. However, a borrower may only access the Programs by financing a home purchase through one of the Authority's Participating Lenders. A Participating Lender is a lender who has applied to become a Participating Lender in the Programs and who, upon approval of an application, has entered into a fully executed Mortgage Origination Agreement (MOA) with the Authority and its servicer. A Participating Lender agrees to originate, process, underwrite, fund, and close mortgages qualified for purchase into the Programs. Upon delivery and purchase of a qualifying mortgage, the Authority will pay the lender a servicing release fee in accordance with the MOA. The lender may charge and collect such fees from the Borrower and/or seller as the Authority may from time to time specify in the Program Manual or as otherwise specified by the Authority, including any applicable secondary mortgage market fees. In order to fulfill its role, a Participating Lender shall maintain staff with demonstrated knowledge of the applicable eligibility criteria for the Programs and the related documentation requirements for successful delivery of mortgage loans to be purchased into the Programs pursuant to the Authority's policies and procedures.

Participating Lender Criteria

In order to become a Participating Lender, an applicant must demonstrate the expertise, capacity and financial stability to provide affordable mortgage services and meet the specific criteria listed below.

1. Be a State of Iowa or Federal financial institution and provide copy of license documentation thereof.
2. Provide evidence of active mortgage origination in the State of Iowa by all offices (branches) who will be originating mortgages eligible for the Authority's programs.
3. Maintain originating offices physically located in Iowa or within 20 miles of the State of Iowa border where Iowa home buyers seeking mortgages may easily and in person go to the originating office. The office must have been located in the State of Iowa or within twenty miles of the border for at least one year prior to application submission. If a loan originator in the office has been an IFA participating lender with another lender and can document five purchased FirstHome or Homes for Iowans loans in the last year, IFA may consider a waiver of the one year requirement.

4. Have the appropriate agency approvals, be knowledgeable and have the ability to perform credit and property underwriting in compliance with Fannie Mae and/or Freddie Mac, FHA, VA and/or RD guidelines as applicable. (Lenders may utilize contract underwriting provided by private mortgage insurance companies or contract with the master servicer as a participating correspondent lender but may not pass the fee for these services to the homebuyer or seller.)
5. Ensure that all staff (and any third party contractors or third party originating lenders) are knowledgeable about the Authority's homeownership programs and the guidelines thereof; practice prudent mortgage lending policies; utilize the most current underwriting criteria applicable for the specific loan type; and have procedures in place to protect the home buyers from fraud, misrepresentation or negligence.
6. Have systems in place to electronically register loans and upload scanned Adobe documents via Lender Online®, the lender portal to the Authority and the master servicer's lender portal. This includes the ability to access the internet, convert loan documents to Adobe, and upload those documents to the respective entity.
7. Attend lender training offered by IFA and other designated mandatory training.
8. Have a warehouse line of credit or deposits available for funding mortgages.
9. Provide a copy of errors and omissions insurance and financial institution bond insurance.
10. Demonstrate the financial capacity to repurchase mortgages that do not meet performance and quality standards as defined in the Mortgage Origination Agreement.
11. Be able to service the initial payment(s) for any mortgage which is not delivered or purchased before payments are due.

Participating Lender Application Process

The Authority generally maintains an "open window" for lender applicants to become a Participating Lender. However, the Authority may, from time to time, suspend accepting lender applications at its discretion. Additionally, any lender whose participation in the program has been terminated will not be readmitted as a Participating Lender until the lapse of one year and sufficient documentation, to the satisfaction of the Authority, has been provided addressing the termination issue.

To apply to become a Participating Lender, a lender applicant must submit one electronic version of the entire package via e-mail of the application package to the following address:

Lender.Inquiry@iowa.gov

The necessary forms may be viewed on the website at iowafinanceauthority.gov under the Lender page.

If you have questions, please contact:

Rhonda Kimble, Single Family Director
515-725-4983
Rhonda.Kimble@iowa.gov

Third Party Originators

Third Party Originators are permitted to originate loans for purchase into the Authority's Programs pursuant to a correspondent agreement with a Participating Lender. A third party originating lender is a lender who has entered into a correspondent arrangement with a Participating Lender. The Participating Lender provides underwriting and closing oversight of the mortgage process, takes ownership of the mortgage via table funding or assignment prior to delivery to the Authority's servicer and ensures and warrants the delivered mortgage meets the Program parameters.

In general, only Participating Lenders will be listed on the Authority's Participating Lender list. However, a third party originator may be included on the Authority's Participating Lender list, if the following criteria are met:

1. Lender is a State of Iowa or Federal financial institution and has documented institution status.
2. Lender has provided evidence of active mortgage origination in the State of Iowa by all offices (branches) who will be originating mortgages eligible for the Authority's programs. (Form IFA SF-02)
3. Maintain originating offices physically located where Iowa home buyers seeking mortgages may easily and in person go to the originating office. The office must have be located in the State of Iowa or within twenty miles of the border.
4. Lender updates contact information as staffing or location changes occur and at least annually with annual financial reports to the Authority.

Maintaining Participating Lender Approval

To remain as a Participating Lender, the lender must:

1. Actively deliver mortgages eligible for the Authority's program. The minimum mortgage delivery standards for every six months for lenders lending in an MSA area is five delivered mortgages or if lending in only rural areas (non-MSA) one closed mortgage delivery. Participating Lenders that have not met the minimum delivery standards above may be excluded from participation in the Program. The lender may re-apply in accordance with the policy in the Participating Lender Application Process section above.
2. Actively promote the Authority's homeownership mortgage programs which includes providing information to eligible homebuyers and encouraging all home buyers to request the free Owner's Iowa Title Guaranty Certificate. Additionally, Participating Lenders shall include IFA first mortgage product information with any and all mortgage product information the lender makes available to Iowa home buyers.
3. Comply with all terms of the Mortgage Origination Agreement and the homeownership program guidelines.
4. Notify the Authority if any regulatory agency suspends, removes approval status or assumes a managing role of the lender's operations or significant changes in mortgage lending operations.
5. Provide updated contact information as staffing or location changes occur and at least annually to the Authority.
6. Provide Annual Recertification Checklist and requested documents to the master servicer by respective due dates.

At its sole discretion, the Authority reserves the right to suspend, modify, or terminate an approval should a Participating Lender fail to perform or provide information as required or requested according to the Mortgage Origination Agreement or as required by other program guidance. Suspension or termination will be in accordance to the terms of the Mortgage Origination Agreement.