

POLICY NUMBER: 70.710

EFFECTIVE DATE: November 30, 2021

TITLE: Approved Lenders

SUPERSEDES: Governance Manual
February 2021

BOARD ADOPTION: November 30, 2021

REVIEWED:

I. Approved Lenders

A. Approved Lender Requirements

1. Any financial institution may request approval as a Participant if it sells loans to the Board on a whole or participation basis and services the loan throughout the term.
2. All requests must include:
 - a) A listing of the applicant's principal officers and officer(s) authorized to execute contracts, agreements, and other documents.
 - b) A listing of the personnel and their qualifications principally involved in making and servicing loans.
 - c) A certificate of errors and omissions insurance coverage in an amount to be determined by the Board at the time of approval.
 - d) An applicant that is governed by one or more regulatory agencies must:
 - (1) Submit its most recent quarterly consolidated report of condition and income or its most recent quarter-end balance sheet and income statement.
 - (2) If available, copies of its previous three years' consolidated reports of condition and income or audited financial statements, including both balance sheets and income statements.
 - (a) Which must indicate a positive return on average assets and based on generally accepted accounting principles (GAAP), indicate a total capital as a percentage of average assets of at least six percent (6%) or meet all applicable capital requirements of the regulatory agency.
 - e) An applicant that is not governed by a regulatory agency defined herein, must submit:
 - (1) Copies of its last three years' audited financial statements, including both balance sheets and income statements.
 - (2) Its most recent quarter-end balance sheet and income statement which have been prepared within sixty (60) days of submission.
 - (a) Current financial statements must indicate a positive return on average assets and must indicate total capital as a percentage of average assets of at least six percent (6%) with a minimum GAAP net worth of \$1,000,000.
 - (b) Evidence of current corporate and ownership structure demonstrating more than three years of existence must be included.

3. Board staff will determine approval of each applicant after reviewing the application.
4. If approved as a Participant, the financial institution must sign the appropriate sale and servicing agreement(s) and an electronic funds transfer authorization form.
5. Participation agreements must be signed to sell loans on a participation basis and a participation certificate must be signed for each participation commitment delivered.
6. The Board may suspend approval of a Participant and discontinue purchasing loans or otherwise participating with the Participant in purchasing and servicing loans if any of the following situations occur:
 - a) Any fees due the Board by the Participant remain unpaid for more than thirty (30) calendar days.
 - b) The Board determines that more than seven percent (7%) of loan payments have been delinquent for more than ninety (90) calendar days.
 - c) The Board determines that the Participant has violated the servicing or participation agreement, or rules adopted by the Board.