

Chapter 1 Lender Relationships

Our relationships with DCA Lenders are central to the success of our Georgia Dream Homeownership Program. Throughout the year, a mortgage lender may apply to be a DCA Lender using the funds that we make available during that calendar year. DCA Lenders are responsible for originating, underwriting, closing and funding Georgia Dream Loans and for all communication with borrowers about their Georgia Dream Loans.

101 DCA

A DCA Lender must:

Lenders

- a) be a legally organized business entity with a properly licensed business office located in the State of Georgia or in a State contiguous to and licensed in Georgia; different branch offices of the same legal entity will not qualify as individual Lenders; different wholly owned subsidiaries may qualify as individual Lenders if they constitute separate legal entities and otherwise qualify;
- b) have, as a principal purpose, the origination of secured single family residential mortgage loans;
- c) be approved as an FHA Direct Endorsement lender and VA lender, or (i) have been approved as a DCA Lender prior to January 1, 1991, or (ii) be a federally regulated financial institution, or (iii) be a state or federal agency;
- d) be an approved Fannie Mae Seller/Servicer, Freddie Mac Seller/Servicer, or Ginnie Mae Insurer, or (i) have been approved as a DCA Lender prior to January 1, 1991, (ii) be a federally regulated financial institution, or (iii) be a state or federal agency;
- e) demonstrate a proven ability to originate mortgage loans for sale in the secondary market;
- f) maintain quality control and management systems to evaluate and monitor the quality of loan production and compliance with DCA procedures; and
- g) have in effect and maintain fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Servicers and agree to any modifications needed to meet our requirements.
- h. have a minimum net worth of \$2,000,000.00.

102 Application Process for New Lenders

The Lender Application (Form SF-1) and all required attachments must be completed and returned to DCA for review and approval. The application package must contain:

- a) a completed Lender Application (Form SF-1) and all required attachments;
- b) two (2) original Loan Seller Agreements executed by a duly authorized senior officer;

- c) two (2) original Loan Servicing Release Agreements,
- d) the three (3) most recent year-end financial statements available, certified by an independent certified public accountant;
- e) evidence of fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Servicers; and
- f) a copy of your company's Quality Control Plan.

103 *Application
Review Process*

Upon receipt of your application package described in Section 102, we will analyze your ability to originate our Georgia Dream Loans in compliance with our procedures and requirements. Upon completion of our review of a new Lender Application, we will notify you in writing of the approval or denial of your application. Substantially incomplete application packages will not be reviewed, but will be returned for completion.

Information and/or documentation submitted to DCA as a part of this application process may be subject to public disclosure.

104 *Loan Seller
Agreement*

Our Loan Seller Agreement with you, among other matters:

- a) sets forth the requirements with which you must comply in order to maintain your status as a DCA Lender;
- b) provides the terms and conditions of your sale of Georgia Dream Loans to GHFA; and
- c) incorporates this Seller Guide by reference.

As a Lender, you will perform origination and selling functions as an independent contractor and principal, not as an agent or representative of GHFA or DCA.

105 *Lender's
Basic Duties
and
Responsibilities*

As a DCA Lender, you are responsible for, among other matters:

- a) Ensuring that you comply with the requirements set forth in this Seller Guide and the Loan Seller Agreement;
- b) Ensuring that Georgia Dream Loans originated and sold under our Georgia Dream Homeownership Program meet our requirements and all applicable mortgage insurer requirements;
- c) Reserving, underwriting and submitting approved Georgia Dream Loans to DCA for our compliance underwriting approval before closing;
- d) Funding, or arranging for funding, and closing our Georgia Dream Loans;
- e) If applicable, submitting required documents to the Mortgage Insurer and obtaining the mortgage insurance, and arranging for the transfer of the insurance to GHFA;

- f) Having adequate staff and facilities to originate and sell quality Georgia Dream Loans on a timely basis;
- g) Ensuring that your staff is knowledgeable in all aspects of loan origination and selling;
- h) Having fully documented written procedures and quality control measures to determine that those procedures are being followed;
- i) Submitting required documents to DCA following our Quality Control Review of a Loan, if applicable;
- j) Protecting GHFA and DCA against fraud, misrepresentation or negligence by any parties involved in the origination process;
- k) Assisting each Applicant with the requirements of the Georgia Dream Homeownership Program and advising each Applicant of the status of his or her Loan application; and
- l) Designating a Georgia Dream Homeownership Program Contact as described in Section 108 of this Guide.

*105.1
Electronic
Media*

If you elect to transfer the paper copy of this Seller Guide into electronic form, you, as Lender, expressly warrant that all such electronic Seller Guide forms and material used in connection with our Georgia Dream Loans shall be exactly identical in content to the paper copy of the Seller Guide and have only minor variations in format.

Acceptable minor format variations include:

- a) change in type font,
- b) change in type size, so long as the document is easily readable, and
- c) absence of the form borders.

Unacceptable format variations include:

- a) absence of Georgia Dream Homeownership Program form number,
- b) absence of Georgia Dream Homeownership Program form version designation, and
- c) any change in content, including substitution, omission or addition of one (1) or more words.

You should contact us with any questions about form or Seller Guide reproduction before distribution of these documents for use in originating Georgia Dream Loans.

*105.2
Authorized
Originators*

You may submit Georgia Dream Loans that have been originated and/or processed by an Authorized Originator, provided that the Georgia Dream Loans comply with all provisions of this Guide. Authorized Originators are those individuals or entities who interview the borrowers in connection with the borrower's application for a residential mortgage loan and signs the loan application on behalf of the DCA Lender. Georgia Dream Loans originated by an Authorized Originator will be governed by the DCA Lender's Loan Seller Agreement with GHFA and this Guide. Authorized Originators do not have a contractual relationship with GHFA or DCA and, therefore, may not receive any acknowledgement or communication from GHFA or DCA.

106 *Lender
Organizational
Changes*

You must send us written notice of any major organizational changes contemplated, including, but not limited to:

- a) resignation or replacement of any senior management personnel;
- b) mergers, consolidations or reorganizations;
- c) changes in ownership of over 5% by whatever means;
- d) a change in corporate name;
- e) a change in a savings and loan association's charter from federal to state or vice versa or change to a banking association; and/or
- f) a change in your financial position which would render you unable to honor the Loan Seller Agreement.

You must notify our Production Manager in writing of any changes in your primary business office address, email, wiring instructions or fax number within five (5) Business Days of the change. On a periodic basis, we may ask you to verify the correct addresses, telephone numbers, Primary Contacts, email addresses, and fax numbers of any of your offices.

107 *Loan Servicing*

You must release the servicing rights on your Georgia Dream Loans to DCA's servicing division, State Home Mortgage. Servicing rights released must be transferred immediately after closing in accordance with Section 215 of this Guide. All servicing activities and any sale or transfer of servicing rights are subject to the applicable provisions of the Servicing Agreement, the Servicing Guide, the Loan Seller Agreement and the Seller Guide.

**108 Georgia
Dream
Program
Contact**

On your Lender Application (Form SF-1) or Lender Application Renewal (Form SF-2) you must designate one (1) employee to serve as the Program Contact for the purpose of participating in the Georgia Dream Homeownership Program. We will direct all Rate Sheets, changes to this Guide or the Loan Seller Agreement, and other official GHFA or DCA notices to the Program Contact. We expect the Program Contact to disseminate this information to the appropriate persons in your company involved with the origination, underwriting, closing, servicing, and other mortgage activities associated with Georgia Dream Loans.

While we may direct specific questions related to underwriting, reservations, purchase or final documents to other staff at your company as indicated in your most recent Lender Application (Form SF-1), or Lender Application Renewal (Form SF-2), or to other persons as you may direct, we will expect the Program Contact to resolve problems, answer questions or represent your company's position to us on various issues related to your participation in our Georgia Dream Homeownership Program. You should select as your Program Contact an individual who can fulfill these responsibilities on a timely and informed basis.

You must notify our Production Manager in writing, within five (5) Business Days, of your decision to designate a new Program Contact. In the event your Program Contact leaves your company, you must notify the Production Manager of the new Program Contact, in writing, within five (5) Business Days of the previous Program Contact leaving your company.

Failure to provide this notification may result in immediate limited participation, as provided in Section 110.1 of this Guide, and may result in other sanctions as well.

**109 Lender's
Repurchase
Obligation**

The Loan Seller Agreement requires you to repurchase any Loan sold to GHFA by the 15th Business Day following our demand if any of the following occurs:

- a) any of the warranties contained in the Lender Certification (Form SF-60) are found to be untrue or misleading in any material aspect;
- b) the Loan is found to be in violation of any applicable Georgia Dream Homeownership Program or Mortgage Insurer requirements;
- c) you fail to deliver any required documents and/or certifications;
- d) you take action which impairs GHFA's security and/or causes the Loan to no longer meet the requirements of the Seller Guide, either before or after the sale of the Loan to GHFA and your execution of the Lender Certification (Form SF-60); and/or

- e) you fail to take action that protects GHFA's security and/or causes the Loan to no longer meet the requirements of the Seller Guide, either before or after the sale of the Loan to GHFA.

In the event that we require you to repurchase a Loan, the amount due to DCA on GHFA's behalf will be governed by the terms of the most recent Loan Seller Agreement executed by your company and GHFA.

**110 Remedies for
Non-
Performance**

We retain the right to either (i) limit, (ii) suspend, or (iii) terminate your company's participation in our Georgia Dream Homeownership Program for any failure to abide by the terms of the Loan Seller Agreement or this Guide, or any statement proves in your Lender Application (Form SF-1) or your Lender Application Renewal (Form SF-2) or any attachments to be untrue or misleading in any material respect.

*110.1
Limited
Participation*

Limited participation means that you will be unable to make a reservation until the specific violations as detailed in this Guide and/or the Loan Seller Agreement which caused the limited participation have been resolved to our satisfaction. The duration of the period of limited participation is solely at the discretion of DCA, and does not relieve you of any of your responsibilities under the Loan Seller Agreement or this Guide. At the conclusion of the period of limited participation, we will notify you of (i) when you can again be issued Reservations or (ii) any further remedies for non-performance, up to and including those contained in the Loan Seller Agreement.

*110.2
Suspension*

Suspension means that your company will no longer be able to make a reservation and your company's name will be removed from all DCA materials intended for the public as soon as practical. The duration of any suspension will be not less than three (3) months and not more than two (2) years. It will be based upon the severity and magnitude of the violation, and will be solely within our discretion. At the conclusion of the period of suspension, you may apply to us for reinstatement by submitting a Lender Application (Form SF-1) along with a written explanation of the steps you have taken to prevent a reoccurrence of the problem that led to the suspension. The Lender Application and written explanation should be directed to the Director of the Office of Homeownership. We will review the Lender Application and notify you of our decision.

110.3 Termination

Termination means that your company will no longer be allowed to participate in our Program and your company's name will be removed from all DCA materials intended for the public as soon as practical. The decision to terminate your participation in our Program will be based upon the severity and magnitude of the violation and will be solely within our discretion. The duration of any termination will be no less than two (2) years. You may reapply by submitting to the Director of the Office of Homeownership, a Lender Application (Form SF-1) along with a written explanation of the steps you have taken to prevent a reoccurrence of the problem that led to the termination. We will review the Lender Application and notify you of our decision.

110.4 Notification and Appeal

DCA Lenders will be notified of limited participation, suspension or termination by DCA by certified mail, return receipt requested. DCA Lenders will have 15 Business Days from the date of the notice to appeal the action in writing to the Director of the Office of Homeownership. You must demonstrate in the appeal why the action was unwarranted, describe any measures underway to correct the deficiencies, and demonstrate measurable progress toward correcting them. Upon receipt of your appeal, we may, in our sole discretion, schedule an informal conference with you to gather information related to the limited participation, suspension or termination. We will decide on your appeal within 15 Business Days of receipt of your appeal.

110.5 Other Remedies

We also may impose, at our sole discretion, any of the remedies set forth in the Loan Seller Agreement.

111 Lender Online (LOL)

Lender Online (LOL) is DCA's internet based system that allows Lenders to enter Reservations, complete and print DCA required forms, check the status of Reservations, and access various reports via the internet. Lenders are required to utilize Lender Online to reserve funds with DCA except when the Lender does not have internet access.

112 Georgia Dream Homeownership Program Compliance

You are responsible for ensuring that each Loan submitted to DCA complies with our Program requirements and the requirements of the Mortgage Insurer as set forth in the Loan Seller Agreement and this Guide.

Even if we grant prior approval based upon our review of the Underwriting Package and purchase the Loan, we reserve the right to require you to repurchase the Loan if we discover that the Loan does not comply with the applicable Program requirements and/or the requirements of the Mortgage Insurer as set forth in the Loan Seller Agreement and/or this Guide.

**113 Annual Lender
Renewal**

Each calendar year, a Lender Application Renewal (Form SF-2) and all required attachments must be completed and returned to DCA within the time specified by DCA. The renewal package must contain:

- a) a completed Lender Application Renewal (Form SF-2) and all required attachments;
- b) if required by DCA, two (2) original Loan Seller Agreements executed by a duly authorized senior officer;
- c) the most recent year-end financial statements available, certified by an independent certified public accountant; and
- d) evidence of fidelity bond and errors and omissions coverage in amounts equal to that established for Fannie Mae Seller/Serviceers.

**114 Changes to the
Georgia
Dream
Homeowner-
ship Program**

The provisions of the Loan Seller Agreement and this Guide may be amended from time to time. Each DCA Lender must abide by any such changes or withdraw from participation by written notice that we must receive within ten (10) Business Days following our written notification to you of any such changes.

Federal and State laws governing the Georgia Dream Homeownership Program are subject to change. When you sign the Loan Seller Agreement, you are acknowledging and agreeing that Federal or State legislation or both could be enacted in the future that would require amendment of the provisions of this Guide and/or the Loan Seller Agreement. You are also acknowledging and agreeing that future DCA Program changes might require an amendment of the provisions of this Guide and/or the Loan Seller Agreement.

You also acknowledge and agree that the requirements and procedures of Mortgage Insurers applicable to our Georgia Dream Homeownership Program may change. When you sign the Loan Seller Agreement you are agreeing to comply with any such future changes in the Mortgage Insurers' requirements or procedures.