

Montana Board of Housing  
Homeownership Program

CORRESPONDENT LENDING POLICY

Mortgage Lenders approved by the Montana Board of Housing (MBOH) to participate in the MBOH's Homeownership Programs may enter into "Correspondent Lending" relationships with "Correspondent" mortgage lenders not approved by the MBOH, pursuant to which the Correspondent takes mortgage loan applications and handles other ministerial matters for the MBOH approved "Sponsor" Mortgage Lender, but only if the following conditions are satisfied:

1. The Sponsor is fully responsible to the MBOH for the underwriting of the mortgage loan, even though it may have delegated a portion of the application process to the Correspondent.
2. The Sponsor is responsible for and handles all contacts with MBOH.
3. The loan is closed and funded by the Sponsor. The Sponsor is responsible for all final documentation and obtaining FHA insurance, RD or VA guarantee, or private mortgage insurance from an MBOH-approved provider.
4. The Sponsor is responsible to HUD, VA, USDA/RD, approved providers of private mortgage insurance, and MBOH for any deficiencies in the mortgage loan if required by MBOH's program documentation.
5. The Sponsor is responsible for all servicing of the mortgage loan.
6. Fees charged the mortgagor and home seller shall not exceed those permitted by the MBOH in cases where a single Mortgage Lender is involved.
7. MBOH shall have no obligation to deal with the correspondent, but shall look only to the Sponsor.
8. The Sponsor-Correspondent relationship shall meet all HUD(FHA) requirements and/or appropriate requirements of VA, USDA/RD, and approved private mortgage insurance providers for a Sponsor-Correspondent relationship.