

APPLICATION FOR AUTHORITY TO CLOSE LOANS ON AN AUTOMATIC BASIS-NONSUPERVISED LENDERS

INFORMATION

No approval for nonsupervised lenders to close loans automatically may be made unless a completed application form has been received (38 U.S.C. 3702 and 3710).

In every case the lender-applicant must submit VA Form 26-8736a, Nonsupervised Lender's Nomination and Recommendation of Credit Underwriter, in addition to the following supporting exhibits to the application:

(1) Exhibit A: A resume of each principal officer's experience in the mortgage lending field which details all experience in VA lending in a managerial capacity. Principal officers are defined as presidents or vice presidents. Should the secretary and/or treasurer participate in the management of the mortgage operation or credit underwriting they too must submit a resume.

(2) Exhibits B and C: Latest financial statements (profit and loss statements and balance sheets) audited and certified by a CPA. If the date of the financial statement precedes that of the application by more than 6 months, a copy of the latest internal quarterly report must also be attached. (A minimum of \$50,000 or working capital must be maintained.

Working capital is defined to mean the excess of current assets over current liabilities. Current assets are defined as cash or other assets that could readily be converted into cash within 1 year on the normal accounting or business cycle. Current liabilities are defined as obligations that would be paid within a year on a normal accounting or business cycle).

(3) Exhibit D: A list of all permanent investors, including government agencies, to which the firm sells or for which the firm services mortgages. Show effective dates of servicing contracts and provide addresses, telephone numbers, and names of persons to contact. (If the lender-applicant customarily sells loans it originates, it must have a minimum of 2 permanent investors.)

INSTRUCTIONS

Item 1. Enter legal name of lender-applicant including street address and telephone number of main office.

Item 2A and 2B. Self-explanatory.

Item 3. Give date fiscal year begins for accounting purposes.

Item 4. Applicants must have been actively engaged in originating VA mortgages for at least 3 recent years. Alternatively, the resume of each principal officer of the firm who is actively involved in managing origination and/or servicing functions must show a minimum of 3 recent years total managerial experience in the field of VA mortgages in the present company or in previous employment. There must be no factors present which indicate that the company would not exercise the care and diligence required of a lender processing automatically.

Items 5 and 6. Self-explanatory.

Item 7. If the owners of the company are not involved in the daily operation, the business affiliation or employer of the owner will be indicated.

Item 8. Self-explanatory.

Item 9. List only those states in which loans are currently being originated.

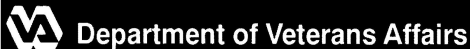
Item 10. List all lines of credit and the amount of each. Lender-applicant must have one or more lines of credit aggregating at least \$1 million.

Items 11A, B, C & D. Self-explanatory. If additional space is required, use separate sheet. Refer to Item number for each statement.

Item 12 and 13. Self-explanatory.

Item 14. The lender-applicant must designate at least one qualified employee and an alternate to act as liaison on its behalf with the VA Regional Offices or Centers with which it does business.

Items 15, 16 & 17. Self-explanatory.



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IMPORTANT - READ THE INFORMATION AND INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM.

PRIVACY ACT INFORMATION: Non-supervised lenders cannot be approved to process loans on the automatic basis unless a completed application form has been received (38 U.S.C. 3702 and 3710). VA will not disclose information collected on this form to any source other than what has been authorized under the Privacy Act of 1974 or Title 38, Code of Federal Regulations 1.576 for routine uses (i.e. authorize release of information to Congress when requested on behalf of a lender) as identified in the VA system of records, 55VA26, Loan Guaranty Home, Condominium and Manufactured Home Loan Applicant Records, Specially Adapted Housing Applicant Records, and Vendee Loan Applicant Records - VA, published in the Federal Register. Your obligation to respond is required in order to obtain or retain benefits.

RESPONDENT BURDEN: We need this information to help determine the qualifications of the lender to process loans on the automatic basis. Title 38, U.S.C., section 3702 and 3710 authorizes collection of this information. We estimate that you will need an average of 25 minutes to review the instructions, find the information, and complete this form. VA cannot conduct or sponsor a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed. Valid OMB control numbers can be located on the OMB Internet Page at www.whitehouse.gov/library/omb/OMBINV.VA.EPA.html#VA. If desired, you can call 1-800-827-1000 to obtain information on where to send comments or suggestions about this form.

1. NAME AND ADDRESS OF LENDER-APPLICANT (Include telephone number of main office)

2A. APPLICANT WAS FOUNDED AS (Check one)

- A CORPORATION, UNDER THE LAWS OF: (specify) A PARTNERSHIP REGISTERED: (specify) INDIVIDUAL PROPRIETORSHIP

2B. DATE FOUNDED

3. DATE FISCAL YEAR BEGINS

4. DATE APPLICANT WAS:

A. ACCEPTED AS VA LENDER

B. APPROVED AS FHA MORTGAGEE (Furnish FHA number)

C. APPROVED AS FNMA/GNMA SELLER/SERVICER

5A. NAMES OF ALL PRINCIPAL OWNERS

5B. PERCENTAGE OF OWNERSHIP

6A. NAMES OF ALL DIRECTORS AND OFFICERS

6B. TITLE

6C. AREAS OF RESPONSIBILITY

7. NAMES AND FUNCTIONS OF ANY OTHER BUSINESS(ES) CONDUCTED BY OR AFFILIATED WITH THE FIRM OR ANY EXECUTIVE PERSONNEL

8. A DESCRIPTION OF THE FIRM'S OPERATION, INCLUDING, WHEN APPLICABLE, THE SERVICING OPERATION AND CAPABILITY TO MAKE PERSONAL CONTACTS WITH BORROWERS IN DEFAULT

9. LIST STATES WHERE VA LOANS ARE ORIGINATED		
10. LIST WAREHOUSE LINES OF CREDIT, INDICATING AMOUNT OF EACH LINE		
11A. WAS THE FIRM OR ANY OF ITS DIRECTORS OR OFFICERS EVER SUSPENDED BY HUD OR VA? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>(If "YES," complete Item 11D)</i>	11B. WERE ANY OF ITS DIRECTORS OR OFFICERS A DIRECTOR OR OFFICER OF ANY OTHER FIRM THAT WAS SUSPENDED? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>(If "YES," complete Item 11D)</i>	11C. DID THE LENDER-APPLICANT EVER HAVE A SERVICING CONTRACT WITH AN INVESTOR TERMINATED FOR CAUSE? <input type="checkbox"/> YES <input type="checkbox"/> NO <i>(If "YES," complete Item 11D)</i>
11D. COMPLETE STATEMENT OF FACTS		
	CLOSED IN PAST CALENDAR YEAR	CLOSED IN PAST 5 CALENDAR YEARS
12. NUMBER OF VA LOANS		
13. NUMBER OF OTHER LOANS <i>(FHA or conventional)</i>		
14. NAME OF LIAISON OFFICER AND ALTERNATE TO ACT AS LIAISON ON THE FIRM'S BEHALF WITH VA REGIONAL OFFICES AND CENTERS		15. NAME OF DESIGNATED UNDERWRITER(S)

CERTIFICATIONS

If this application is approved, the undersigned agrees and certifies that:

- (1) It will comply with the provisions of title 38 USC, VA regulations and other directives issued by VA;
- (2) It will notify the Secretary of Veterans Affairs and the Director of the Regional Office or Center in the area in which its main or branch office(s) is (or are) located of any change in its corporate structure, operations, or financial condition which may have a bearing on its continued qualifications for authority to close loans automatically;
- (3) It will submit at any time to such examination of its records and accounts as the Secretary of Veterans Affairs may require;
- (4) Its principal activity will be the originating, purchasing and servicing of real estate mortgages;
- (5) It will promptly furnish VA any requested information;
- (6) It will submit annual financial statements audited and certified by a CPA within 120 days following the end of its fiscal year;
- (7) It will maintain a minimum of \$50,000 of working capital or a minimum of \$250,000 in adjusted net worth;
- (8) It will not close loans on an automatic basis as a courtesy or accommodation for other mortgage lenders regardless of whether or not such lenders are approved themselves to close on an automatic basis, nor will it close loans on the automatic basis for any builder, real estate brokerage firm or other entity which it owns, is owned by, is affiliated with or has a financial interest in, without the express approval of the Department of Veterans Affairs;
- (9) It will not process loans it does not itself intend to make;
- (10) All prospective VA loans to be closed on an automatic basis will be reviewed and either approved or rejected by an approved underwriter;
- (11) It will take responsibility for all credit information; i.e., credit report, verifications of employment and deposit, and disclose the sources of such information;
- (12) It will furnish upon request of the appropriate VA field station, a copy of its monthly delinquency reports pertaining to VA guaranteed loans being serviced;
- (13) It will use its automatic lending authority to the maximum extent possible; if not used, it will submit an explanation as to why a loan was processed prior-approval;
- (14) The foregoing is true to the best of my knowledge and belief and verification may be obtained from any source named herein.

16. SIGNATURE OF PRESIDENT OR PRINCIPAL OFFICER	17. DATE SIGNED
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