

# MONTANA

## BOARD OF INVESTMENTS

## BOARD ADOPTED POLICY

POLICY NUMBER: 70.710

EFFECTIVE DATE: September 23, 2022

TITLE: Approved Lenders

SUPERSEDES: November 30, 2021

BOARD ADOPTION: November 30, 2021

REVIEWED: July 20, 2022

### I. Approved Lender Requirements

- A. Any financial institution meeting the requirements found in Section 17-6-302(7), MCA, and whose business activity meets the requirements found in Section 17-6-302(12), MCA, may request approval to sell loans to the Board on a whole or participation basis and services the loan throughout the term.
- B. All requests must include:
  1. A listing of the applicant's principal officers and officer(s) authorized to execute contracts, agreements, and other documents, and
  2. A certificate of errors and omissions insurance coverage in an amount to be determined by the Board, at the time of approval.
- C. 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, and
  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 which must:
    - a) Indicate a positive return on average assets based on generally accepted accounting principles (GAAP), and
    - b) 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.
- D. An applicant that is not governed by a regulatory agency defined herein, must submit:
  1. Evidence of its current corporate and ownership structure demonstrating more than three (3) years of existence,
  2. Copies of its last three (3) years audited financial statements, including both balance sheets and income statements, and
  3. Its most recent quarter-end balance sheet and income statement which must:
    - a) Have been prepared within sixty (60) days of submission,
    - b) Indicate a positive return on average assets, and
    - c) 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.
- E. Board staff will determine approval of each applicant after reviewing the application.
- F. If approved as a Participant, the financial institution must sign the appropriate sales and servicing agreement(s) and an electronic funds transfer authorization form.

Adopted: November 30, 2021

Revised: September 23, 2022

Reviewed: July 20, 2022

- G. 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:
1. Fees due to the Board by the Participant remain unpaid for more than thirty (30) calendar days,
  2. The Board determines that more than seven percent (7%) of loan payments have been delinquent for more than ninety (90) calendar days, or
  3. The Board determines that the Participant has violated the servicing or participation agreement, or rules adopted by the Board.

Authority: Montana Code Annotated, Art. VIII, Section 13  
Section 2-15-1808, MCA  
Section 17-6-201, MCA  
Title 17, chapter 6, part 3, MCA  
ARM 8.97.1301, and 8.97.1308 through 8.97.1310