

APPLICATION FOR DETERMINATION OF “BONA FIDE NONPROFIT AFFORDABLE  
HOMEOWNERSHIP ORGANIZATION” LICENSING EXEMPTION PURSUANT TO  
M.G.L. C. 255E, SECTION 2

- A. A bona fide nonprofit affordable homeownership organization as defined in M.G.L. c. 255E, section 1 (Organization), may apply to the Division of Banks (Division) to request a determination whether the organization meets the criteria set forth in M.G.L. c. 255E, section 2 to be exempt from mortgage company licensing. Such determination will also exempt the Organization’s employees from mortgage loan originator license requirements. To meet the criteria, the Division must be satisfied that the organization demonstrates that it:**
1. Is a nonprofit corporation with a primary purpose of helping qualified low-income individuals build, repair and purchase affordable housing;
  2. Maintains tax-exempt status under section 501(c)(3) of the Internal Revenue Code of 1986;
  3. Promotes affordable housing or provides homeownership education, or similar services;
  4. Conducts its activities in a manner that serves public or charitable purposes, rather than commercial services;
  5. Receives funding and revenue and charges fees in a manner that does not incentivize the organization or its employees to act other than in the best interests of its clients;
  6. Compensates employees in a manner that does not incentivize employees to act other than in the best interests of its clients;
  7. Provides to, or identifies for, the borrower residential mortgage loans with terms that are favorable to the borrower and comparable to mortgage loans and housing assistance provided under government housing assistance programs;
  8. Does not charge loan origination fees;
  9. Does not provide residential mortgage loans that do not fully amortize over the term of the loans;
  10. Does not compensate employees based on the number or size of mortgage loans originated by the employee or otherwise incentivize any employees to act other than in the best interests of the borrower;
  11. Provides mortgage products that meet the ability-to-repay and qualified mortgage standards pursuant to 12 CFR Part 1026;
  12. Determines that a borrower has a reasonable ability to repay a mortgage before consummation; provided, however, that a borrower’s debt-to-income ratio shall not exceed 43 percent.

**B. The following must be submitted to the Division in support of the application. Please submit all application materials to the Massachusetts Division of Banks, 1000 Washington Street, 10<sup>th</sup> Floor, 02118-6400, Attn: Mortgage Licensing Unit**

1. Affirmation Letter issued by the IRS confirming the organization's 501(c)(3) tax-exempt status.
2. Formation documents (e.g. Charter, By-Laws, Articles of Incorporation, Articles of Organization, Operating Agreement etc.).
3. Management chart that displays the Organization's directors, officers, and managers by individual name and title.
4. A business plan that includes a description of the Organization's mortgage loan programs, including the policies and procedures for mortgage loan origination.
5. A written statement that describes how the Organization meets all of the criteria listed in Part A.
6. A list of the Organization's mortgage loan officers/originators and their office locations.
7. A completed application form and attestation (see Attachments 1 and 2).

***\*Pursuant to M.G.L. c. 255E, section 2, the Division may periodically examine an exempted bona fide nonprofit affordable homeownership organization to determine whether it continues to meet the criteria described in Part A\****

# Attachment 1

## Massachusetts Division of Banks

APPLICATION FORM FOR DETERMINATION OF "BONA FIDE NONPROFIT  
AFFORDABLE HOMEOWNERSHIP ORGANIZATION" LICENSING EXEMPTION  
PURSUANT TO M.G.L. C. 255E, SECTION 2

General Information	
Organization Name (Including DBAs)	
FEIN	
Street Address	
City/State/Zip	
Telephone Number	
Website Address	
Primary Contact Information	
Name	
Title	
Mailing Address	
Telephone Number	
Email	
Location of Books and Records	
Street Address	
City/State/Zip	

## Attachment 2

### Massachusetts Division of Banks

**“BONA FIDE NONPROFIT AFFORDABLE HOMEOWNERSHIP ORGANIZATION”  
LICENSING EXEMPTION PURSUANT TO M.G.L. C. 255E, SECTION 2**

### Attestation

#### Attestation

**I verify that I am authorized to attest to and submit this application for determination of “bona fide nonprofit affordable homeownership organization” licensing exemption pursuant to M.G.L. c. 255E, section 2 on behalf of \_\_\_\_\_ [the Organization], and I agree to, and represent the following:**

- (1) That the information and statements contained herein, including exhibits attached hereto, are true and complete to the best of my knowledge, information, and belief;
- (2) That the Division may conduct any investigation in accordance with state law, into the background of the organization for purposes of making the determination on the request for exemption;
- (3) To keep the information contained herein, including exhibits attached hereto, current and to file accurate supplementary information on a timely basis

Name (Print)	Signature	Date (MM/DD/YYYY)