

VIRGINIA STATE REQUIREMENTS FOR 3RD PARTY PROCESSING COMPANIES

A licensee may outsource its loan processing or underwriting activities to a third party loan processor or underwriter pursuant to a written agreement with the loan processor or underwriter.

Prior to entering into an agreement, the licensee shall conduct a due diligence review of the third Party loan processor or underwriter. The agreement shall **(i)** require the loan processor or underwriter to comply with all applicable state and federal laws and regulations; **(ii)** require the loan processor or underwriter to permit the commission to investigate or examine its business pursuant to § 6.2-1611 of the Code of Virginia; and **(iii)** prohibit the loan processor or underwriter from subcontracting to another person, other than its bona fide employees, any of the services specified in the agreement to be performed on behalf of the licensee.

A copy of the written agreement shall be retained by the licensee for at least three years after the agreement has been terminated by either party. The licensee shall be responsible for implementing and maintaining a reasonable program to monitor any third party loan processor or underwriter performing services on its behalf.