

**TITLE 47: HOUSING AND COMMUNITY DEVELOPMENT
CHAPTER II: ILLINOIS HOUSING DEVELOPMENT AUTHORITY**

**PART 220
SINGLE FAMILY MORTGAGE PURCHASE PROGRAM**

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SUBPART A: GENERAL RULES

Section 220.101 Authority

These Rules are authorized by and made pursuant to Section 7.19 and 7.23 of the Act and shall govern the Program.

Section 220.102 Purpose and Objectives

These Rules are established to accomplish the general purposes of the Act and in particular the purchasing and making of loans in accordance with the Program to achieve the following objectives: the provision of funds to finance, at interest rates below those otherwise available, residential mortgage loans for low and moderate income persons and families; the provision of housing to alleviate the shortage of adequate housing in the State for such persons and families; and the effective participation by lenders in the Program while restricting their financial return to what is necessary and reasonable to induce such participation.

Section 220.103 Definitions

As used in this Part, the following words or terms mean:

"Act": The Illinois Housing Development Act (Ill. Rev. Stat. 1979, ch. 67 1/2, pars. 301 et seq.) as amended from time to time.

"Application": A potential Lender's application to sell Mortgage Loans to the Authority pursuant to the terms of a Mortgage Purchase Agreement and the Procedural Guide.

"Authority": The Illinois Housing Development Authority.

"Bonds": The Authority's Single Family Housing Bonds issued from time to time to finance the Program.

"Chairman": The Chairman of the Authority.

"Commitment Fee": The fee which may be required to be paid to the Authority by a potential Lender at the time it files its Application to sell Mortgage Loans.

"Deputy Director": The Deputy Director of the Authority.

"Director": The Director of the Authority.

"Eligible Borrower": A person or persons who are residents of the State whose Household Income does not exceed the Maximum Income; who do or who will occupy as a single household the One-Unit Dwelling purchased or being purchased as a permanent residence; and who at no time during the 3-year period ending on the date the Mortgage is executed had a present ownership interest in a principal residence of such Eligible Borrower. The Eligible Borrower who purchases a Targeted Area Residence or a Qualified Rehabilitation Residence is exempt from the 3-year requirement of this subsection. For purposes of this subsection, the Eligible Borrower's interest in the One-Unit Dwelling financed under this Program shall not be taken into account.

"FHA": The Federal Housing Administration.

"FHLMC": The Federal Home Loan Mortgage Corporation.

"FmHA": The Farmers' Home Administration.

"FNMA": The Federal National Mortgage Association.

"Household Income": The total annual gross income of all persons residing or intending to reside as a single household in a One-Unit Dwelling, from whatever source derived and before taxes or withholdings.

"Invitation": The Authority's invitation to potential Lenders for Applications to sell Mortgage Loans.

"Lender": A State-chartered bank, national banking association, or State or federal savings and loan association which is located in the State; which is qualified to sell mortgages to FNMA and/or FHLMC, unless such requirement is waived by the Director based upon a determination of financial suitability made by the Director after consideration of the net assets, lending capacity, and experience of the potential Lender over the past 12 months in residential mortgage lending; deposits in which are insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation; and whose Application has been accepted by the Director.

"Maximum Income": 160% of the median income in counties in the State having a population of 3 million or more for the most recent year for which such information is available, as published by the United States Department of Housing and Urban Development or by such other governmental entity as may be determined by the Director to publish substantially comparable information.

"Members": The Members of the Authority.

"Mortgage": A deed of trust, mortgage deed, mortgage, or other instrument creating a first mortgage lien on a fee interest in real property located within the State.

"Mortgage Loan": A loan made by a Lender to an Eligible Borrower for the purchase of an owner-occupied One-Unit Dwelling after the date of mailing of the Notice of Acceptance and secured by a Mortgage on such real property. No Mortgage Loan shall be a replacement or refinancing of an existing mortgage loan except in the case of a Qualified Rehabilitation Loan.

"Mortgage Purchase Agreement": An agreement between the Authority and a Lender pursuant to which the Authority agrees to purchase Mortgage Loans from the Lender on the terms and conditions set forth therein and which establishes the requirements for Mortgage Loans to be purchased by the Authority. The Mortgage Purchase Agreement incorporates the Procedural Guide.

"Net Proceeds": With respect to the proceeds of each series of Bonds, all monies made available by the Authority for the purchase of Mortgage Loans.

"Notice of Acceptance": The Authority's notice to the Lender of the acceptance of its Application.

"One-Unit Dwelling": Real estate or an interest in real estate upon which there is or shall be located a structure or structures designed for Residential Use and meeting the requirements of Sections 2(e) and 7.23 of the Act as amended from time to time. Such One-Unit Dwelling may be a single condominium unit but may not be a cooperative unit or a mobile home. The One-Unit Dwelling must be located in the State.

"Part": This Part 220.

"Prepayment": Any moneys, however derived, which are received or recovered by the Authority from any payment of, or with respect to, principal on any Mortgage Loan prior to scheduled payments of principal called for by such Mortgage Loan.

"Procedural Guide": The set of instructions, guidelines, terms, and conditions approved by the Chairman for the origination and sale of Mortgage Loans to the Authority and for the servicing of such Mortgage Loans. The Procedural Guide is incorporated into the Mortgage Purchase Agreement and the Servicing Agreement.

"Program": The Authority's single family mortgage purchase program.

"Property Value": The lesser of the purchase price or the appraised value of the One-Unit Dwelling at the time of origination of the Mortgage Loan secured by such One-Unit Dwelling.

"Qualified Rehabilitation Loan": A Mortgage Loan for the purchase of a Qualified Rehabilitation Residence. An Eligible Borrower for a Qualified Rehabilitation Loan

must be the first resident of the Qualified Rehabilitation Residence after the completion of the rehabilitation.

"Qualified Rehabilitation Residence": A One-Unit Dwelling for which there has been a qualified rehabilitation as defined in Section 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder.

"Residential Use": Use as the principal residence of the occupant and not as a vacation or "second" home.

"Rules": The Rules and Regulations of the Authority as supplemented and amended from time to time.

"Servicer": A Lender, or its designated servicer, which has been approved by the Director as a Servicer and which has executed a Servicing Agreement with the Authority. A designated servicer must be a State-chartered bank, national banking association, or State or federal savings and loan association which is located in the State; which is qualified to sell mortgages to FNMA and/or FHLMC, unless such requirement is waived by the Director based upon a determination of financial suitability made by the Director after consideration of the net assets, servicing capacity, and experience of the potential Servicer over the past 12 months in residential mortgage servicing; and deposits in which are insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation.

"Servicing Agreement": An agreement between the Authority and a Servicer for the servicing of Mortgage Loans purchased by the Authority. The Servicing Agreement incorporates the Procedural Guide.

"Staff": The Director and Deputy Director and the employees of the Authority.

"State": The State of Illinois.

"Targeted Area": An area of the State which is either a qualified census tract or an area of economic distress as defined in Section 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder.

"Targeted Area Residence": A One-Unit Dwelling located in a Targeted Area.

"VA": The Veterans' Administration.

Section 220.104 Borrowing by the Authority

To the extent allowed by applicable federal law and the Act, the Authority may borrow funds with which to purchase Mortgage Loans under the Program.

Section 220.105 Compliance with Federal Law

Notwithstanding anything herein to the contrary, this Part shall be construed in conformity and compliance with applicable federal law, including without limit Sections 103 and 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder.

Section 220.106 Standards

In administering the Program, the Authority, the Chairman, the Director, and the Staff shall in those instances permitting the exercise of discretion consider, in addition to the criteria specifically set forth in this Part, the following factors: The purposes of the Program, the requirements of applicable federal law, the financial condition and previous lending experience of potential and participating Lenders and Servicers, the Authority's ability to purchase or redeem the Bonds and to comply with the requirements of the resolutions authorizing its bonds, the financial integrity of the Program, the desirability of achieving a reasonable geographic distribution of Net Proceeds throughout the State, the standards of the prudent lender or investor, and specific standards set forth in the Procedural Guide.

Section 220.107 Forms for the Program

The Staff may prepare, use, supplement, and amend such forms, agreements, and other documents as may be necessary to implement the Program, including without limitation a Procedural Guide, an Application, a Notice of Acceptance, a Mortgage Purchase Agreement, and a Servicing Agreement, all as may be prescribed by the Director.

Section 220.108 Fees and Charges of the Authority

A Commitment Fee may be established and collected by the Authority from each potential Lender filing an Application in such amount or amounts as the Authority may deem appropriate. Commitment Fees applicable to offered sales of Mortgage Loans for which the Authority does not enter into a Mortgage Purchase Agreement shall be returned to the potential Lender. The Commitment Fee may be used by the Authority for its general corporate purposes, including costs of administering the Program. The Authority may establish such other charges, premiums, and penalties as it may deem necessary to administer the Program.

Section 220.109 Waiver (Repealed)

Section 220.110 Amendment

This Part may be supplemented, amended, or repealed by the Members from time to time and in such manner as they may determine consistent with the Authority's Rules, the Act, and other applicable provisions of law. This Part shall not constitute or create any contractual rights.

Section 220.111 Severability

If any clause, sentence, paragraph, subsection, section, or subpart of this Part shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subsection, section, or subpart thereof as to which such judgment is rendered.

SUBPART B: APPLICATION PROCESS

Section 220.201 Invitations to Sell Mortgage Loans

The Authority from time to time may mail Invitations to potential Lenders to apply to sell Mortgage Loans to the Authority. Potential Lenders who receive Invitations may request Applications from the Authority. The Invitation shall contain, among other things, a description of Eligible Borrowers and a description of Mortgage Loans eligible to be purchased by the Authority under the Program.

Section 220.202 Applications to Sell Mortgage Loans

The Authority from time to time may mail Applications to potential Lenders to apply to sell Mortgage Loans to the Authority. Potential Lenders shall execute and return the Application, the Mortgage Purchase Agreement, and, if applicable, the Servicing Agreement to the Authority, together with any Commitment Fee. The Application shall contain, among other things, the following:

- a) Provision for the potential Lender to state the aggregate principal amount of Mortgage Loans it desires to sell to the Authority, which amount shall be at least \$200,000 and shall be an integral multiple of \$1,000, and to state the aggregate principal amount of Mortgage Loans which it intends to originate with respect to Targeted Area Residences;
- b) The unconditional agreement of the potential Lender, effective upon acceptance of the Application by the Authority, to sell to the Authority Mortgage Loans which comply with the terms of the Notice of Acceptance, Mortgage Purchase Agreement, and Procedural Guide;
- c) The date by which the Application must be submitted to the Authority in order to be considered for an allocation of Net Proceeds to purchase eligible Mortgage Loans and the date by which the Authority will return a Notice of Acceptance;
- d) Provision for the potential Lender to furnish such financial and other information

as the Authority may reasonably require;

- e) The schedule of any Commitment Fees or charges levied by the Authority, with a requirement that such Commitment Fees or charges accompany the Application when it is submitted to the Authority; and
- f) A description of the fees and charges which may be imposed by a Lender with respect to a Mortgage Loan.

Section 220.203 Allocation of Net Proceeds for Purchase of Mortgage Loans

Net Proceeds shall be allocated by the Authority among potential Lenders from whom timely Applications and Commitment Fees have been received by the Authority. In making such allocations, the Authority shall consider with respect to each potential Lender, among other things, the financial condition of the potential Lender; the amount of residential mortgage loans made in the State by the potential Lender during the preceding 12-month period relative to the demand for such loans and to the funds available to the potential Lender to make such loans during such period; the terms and conditions of the Mortgage Loans offered for sale by the potential Lender; the respective aggregate principal amounts of Mortgage Loans offered for sale by all potential Lenders; the ability of the potential Lender to act as a Servicer of Mortgage Loans; previous participation by the potential Lender in the Authority's programs; the desirability of achieving a reasonable geographic distribution of Net Proceeds throughout the State; the existence of any local mortgage purchase program; and the amount of Mortgage Loans to be made in Targeted Areas. The Authority shall use its best efforts to allocate Net Proceeds to achieve the purposes set forth in Section 220.102 of this Part. Allocations of Net Proceeds by the Authority shall be conclusive. Prior to mailing Invitations to potential Lenders, the Authority may make such inquiries of potential Lenders and others as it considers useful in determining probable interest among potential Lenders in participating in the Program.

Section 220.204 Notice of Acceptance

The Authority may, by Notice of Acceptance, commit itself, subject to the conditions set forth in the Application, the Mortgage Purchase Agreement, and the Procedural Guide, to purchase Mortgage Loans offered by a potential Lender in its Application. Promptly following the issuance by the Authority of its Notice of Acceptance to the Lender, the Authority shall execute a Mortgage Purchase Agreement with such Lender. The aggregate principal amount of Mortgage Loans which the Authority agrees to purchase from any Lender shall not exceed the aggregate principal amount of Mortgage Loans offered for sale by the Lender and may be less than the amount requested by the Lender in its Application. Upon receipt of the Notice of Acceptance by the Lender, the Lender shall be obligated to sell such Mortgage Loans in accordance with the terms of the Application, the Notice of Acceptance, the Mortgage Purchase Agreement, and the Procedural Guide. The obligation of the Authority to purchase any Mortgage Loan shall be subject to the issuance and sale of Bonds within the period prescribed by the Application in an amount sufficient to permit such purchase.

Section 220.205 Firm Commitments for Mortgage Loans

Upon receipt of the Notice of Acceptance, the Lender shall issue firm commitments to Eligible Borrowers to make Mortgage Loans. Firm commitments must be issued within six months from the date of the Notice of Acceptance, and disbursements of such Mortgage Loans must be made by the Lender within three months of the date of the commitment or, in either case, within such shorter period as the Authority may require.

SUBPART C: PURCHASE OF MORTGAGE LOANS

Section 220.301 Mortgage Loans

Each Mortgage Loan to be purchased under the Program shall comply with the terms of the Application, Notice of Acceptance, Mortgage Purchase Agreement, and Procedural Guide and specifically shall comply with the following requirements, among others:

- a) Each Mortgage Loan to be purchased under the Program shall be insured by the FHA for the unpaid principal amount thereof, or be guaranteed by the VA or FmHA in an amount set forth in the Procedural Guide, or have a principal balance not exceeding 80% of the Property Value at the time of origination, or be covered by mortgage insurance policy issued by a private mortgage insurance company approved by the Director and in an amount set forth in the Procedural Guide. (All costs connected with the acquisition of such insurance shall be paid by the Eligible Borrower.)
- b) Each Mortgage Loan to be purchased by the Authority shall be secured by a Mortgage on a One-Unit Dwelling and must further meet the applicable terms and conditions set forth in the Authority's Rules, the Application, Notice of acceptance, Mortgage Purchase Agreement, and Procedural Guide. Lenders shall sell and the Authority shall purchase only Mortgage Loans made to Eligible Borrowers.
- c) Each Mortgage securing a Mortgage Loan to be purchased by the Authority shall be executed on a form approved by the Authority. It shall be a valid first mortgage lien on a One-Unit Dwelling, be consistent with Illinois law, and conform with the standards prescribed by the Authority and any applicable insurer.
- d) Each Mortgage Loan to be purchased by the Authority shall be non-assumable and non-assignable, unless otherwise required by applicable federal law, and shall contain a provision giving the Authority the right to accelerate the maturity of the Mortgage Loan upon sale or lease of the One-Unit Dwelling.

- e) Each Mortgage securing a Mortgage Loan to be purchased by the Authority shall include provisions necessary to protect the interests of the Authority, such provisions being contained in the Mortgage Purchase Agreement, Servicing Agreement, Procedural Guide, and this Part.
- f) The purchase price of each One-Unit Dwelling which is the subject of a Mortgage Loan to be purchased by the Authority under the Program shall not exceed 90 percent of the average area purchase price applicable to such One-Unit Dwelling (except that in the case of Targeted Area Residences the purchase price shall not exceed 110% of the average area purchase price) or any other limitations imposed by the Authority in accordance with applicable law. "Average area purchase price" shall be computed by the Authority in accordance with applicable law, if any, and shall be set forth in the Procedural Guide.
- g) Mortgages held as security for Mortgage Loans purchased under this Part which are in default may be foreclosed by the Authority according to their terms. The Authority is authorized to take title in its name upon foreclosure and to subsequently convey title to such property to any qualified insurer of the Mortgage or any bona fide purchaser thereof.

Section 220.302 Yield on Mortgage Loans

Mortgage Loans sold to the Authority shall bear interest at such rate or rates, be repayable in such principal amounts, and be sold to the Authority at such price or prices which in the aggregate shall produce revenues to the Authority with respect to such Mortgage Loans which shall at least be sufficient to enable the Authority to pay when due the principal of and interest on the Authority's Bonds issued to finance such Mortgage Loans, to pay costs related to the issuance of such Bonds, and to pay the Authority's expenses of administering the Program. In no event, however, shall the yield on such Mortgage Loans exceed the maximum permitted by application of the provisions of Sections 103(c) and 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder.

Section 220.303 Terms and Conditions of the Purchase of Mortgage Loans

- a) Mortgage Loans shall be purchased by the Authority on the terms and conditions and in the manner prescribed in the Mortgage Purchase Agreement and the Procedural Guide. The Mortgage Purchase Agreement shall contain such warranties of the Lenders with respect to the Mortgage Loans to be sold thereunder as the Authority may require, which may include the following, among others:
 - 1) The mortgagor is an Eligible Borrower;

- 2) The purchase price of the One-Unit Dwelling subject to the Mortgage Loan does not exceed any maximum purchase price limitations established by the Authority;
- 3) The Mortgage Loan is evidenced by a properly executed promissory note made payable or assigned to the order of the Lender and endorsed by the Lender as follows:

"Payable to the order of the Illinois Housing Development Authority without recourse."

and is secured by a Mortgage on the One-Unit Dwelling, both of which are the legal, valid, and binding obligations of the makers thereof and are enforceable in accordance with their terms, except only as such enforcement may be limited by laws affecting the enforcement of creditors' rights generally, and all parties to each Mortgage Loan must have had full legal capacity to execute all Mortgage Loan documents at the time of execution;

- 4) The Mortgage, financing statement, if any, and any other document required to be filed in a public office to perfect the mortgage lien against third parties has been duly and timely filed, registered, or recorded by the Lender in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrancers;
- 5) The Lender, being the sole owner and holder of the Mortgage Loan, has full right to sell and assign the Mortgage Loan to the Authority and such assignment conveys a good and marketable mortgagee's title to the Authority free and clear of all liens and encumbrances and subject only to real property taxes and assessments not yet due and encumbrances customarily accepted in accordance with applicable title standards and disclosed to the Authority prior to purchase of the Mortgage Loan;
- 6) The Mortgage creates a valid and existing first mortgage lien on the real property owned by the mortgagor in fee simple and improvements therein described (and fixtures) to secure the Mortgage Loan, the term "first mortgage lien" meaning such classes of first liens as are commonly given to secure loans on real estate under the laws of the State;
- 7) The Lender has not modified in any respect and has not satisfied, canceled, subordinated, or compromised in whole or in part the Mortgage Loan indebtedness and has not released the mortgaged property in whole or in part from the lien of the indebtedness evidenced by the note and secured by the Mortgage (or other instruments evidencing indebtedness and security), and the terms, covenants, and conditions of the note evidencing

the Mortgage Loan and the Mortgage securing the same have not been waived, altered, or modified in any respect which would materially affect the validity or enforceability of the Mortgage Loan or the security of the lien of the Mortgage;

- 8) The real property securing the Mortgage Loan is a One-Unit Dwelling;
- 9) The improvements upon the real property subject to the Mortgage Loan are covered by a valid and existing policy of hazard insurance meeting the requirements of the Authority;
- 10) The Lender has complied as follows:
 - A) as to each FHA-insured Mortgage Loan, with the National Housing Act as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications, such insurance being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, insuring to the benefit of the Authority;
 - B) as to each Mortgage Loan guaranteed by the VA or FmHA, with the Servicemen's Readjustment Act, the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949, or other applicable federal law as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications, such guaranty being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, insuring to the benefit of the Authority; and
 - C) as to each Mortgage Loan insured by a private mortgage insurance company, with all rules and requirements of such company, such insurance being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, insuring to the benefit of the Authority; and
- 11) The Mortgage Loan is covered by a paid-up mortgagee's title insurance policy in such form as the Authority may require.
 - b) In the event that the Lender fails to deliver Mortgage Loans to the Authority in the amount, on the terms and conditions, and within the time period set forth in the Mortgage Purchase Agreement, the Authority may, if it so chooses and in its sole discretion, re-allocate all or part of the unused portion of the Lender's commitment to other Lenders in accordance with the provisions of Section 220.202 of this Part; redeem all or part of the Bonds issued with

respect to such unused portion of the commitment but only if permitted by the resolutions of the Authority authorizing issuance of the Bonds; or undertake any combination of the above. The Mortgage

Purchase Agreement may provide for liquidated damages, extension fees, and forfeiture of commitment fees if the Authority makes any re-allocation pursuant to this subsection.

- c) If required by the Act, the Mortgage Purchase Agreement shall require that the Lender agree to furnish to the Authority the following:
 - 1) at the time the Authority purchases Mortgage Loans from the Lender, such evidence as the Director shall specify of the Lender's ability and intention to make new residential mortgages (as defined in Section 2(e) of the Act) in an aggregate amount equal to the aggregate amount of the Mortgage Loans then to be purchased by the Authority and
 - 2) within 120 days after the time specified by the Authority by which Mortgage Loans must be delivered to the Authority for purchase, such evidence as the Director may specify that the Lender has made such new residential mortgages.
- d) The Mortgage Purchase Agreement shall provide that the Authority shall have the right to require the Lender to repurchase Mortgage Loans sold to the Authority by the Lender if the Director determines that the Lender has failed to comply with the requirements of this Part or of its contracts and agreements with the Authority under the Program.

Section 220.304 Prepayment

The Authority may, at its option, apply any Prepayments it receives as follows:

- a) to the purchase of additional Mortgage Loans in accordance with the requirements of the Program;
- b) to the purchase from potential Lenders of mortgage loans previously made by such Lenders, on such terms and conditions as the Authority shall consider necessary, including requirements as to the making of additional mortgage loans with the proceeds of such purchase;

- c) to the purchase or redemption of Bonds, subject in each case to the requirements of the Authority's resolutions relating to the issuance of its Bonds;
- d) for other corporate purposes of the Authority.

Section 220.305 Targeted Area Residences

The Authority shall comply with Section 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder or other applicable federal law regarding the purchase of Mortgage Loans on Targeted Area Residences.

Section 220.306 Mortgage Pool Insurance

The Authority may obtain one or more insurance policies covering all of the Mortgage Loans. The policy may insure the Authority against losses arising from a event of default under any Mortgage Loan covered by the policy in an amount equal to the unpaid principal balance of and accrued interest on the Mortgage Loan and customary fees and expenses paid by the Authority to preserve and protect the mortgaged premises and to foreclose or otherwise dispose of such premises, such as real estate taxes, hazard and private insurance premiums, and foreclosure expenses, less the amounts received by the Authority under any other insurance policy on the Mortgage Loan or from disposition of such premises or substantially similar benefits. The total amount of claims payable under the policy may be limited to an amount which is not less than 10% of the original aggregate principal amount of the Mortgage Loans covered thereby or such lower percentage as the Authority may from time to time deem appropriate.

Section 220.307 Arbitrage and Investment Gains

Arbitrage and investment gains, if any, shall be paid or expedited as required by Section 103A of the Internal Revenue Code of 1954 as amended from time to time and applicable regulations promulgated by the Treasury Department thereunder.

SUBPART D: ADMINISTRATIVE RULES

Section 220.401 Restrictions on Return Realized by Lenders

The Authority shall establish the maximum rate or rates of return which may be realized by any Lender and by any agent of any Lender from Mortgage Loans, including any commitment fees, premiums, bonuses, points, or other fees charged by the Lender or the Lender's agent in connection with the making of Mortgage Loans. Such maximum rates of return shall be set at such amounts as the Authority finds reasonably necessary to induce participation in the Program by Lenders in order to accomplish the purposes of the Act.

Section 220.402 Servicing of Mortgage Loans

Pursuant to a Servicing Agreement, the Authority shall cause all Mortgage Loans Purchased by the Authority to be serviced by a Servicer, which may be the Lender from which such Mortgage Loans are purchased. The Authority shall prepare and distribute the Procedural Guide to all Servicers of Mortgage Loans.

Section 220.403 Purchase of Authority Bonds

No Lender or Eligible Borrower, including any "related person," as defined in Section 103(b)(6)(C) of the Internal Revenue Code of 1954 as amended from time to time, shall pursuant to any arrangement, formal or informal, direct or indirect, agree to purchase the Bonds or other obligations of the Authority in an amount related to the aggregate principal amount of the Mortgage Loans to be sold by or made to such Lender, Eligible Borrower, or related person.

Section 220.404 Equal Opportunity Lending

In making Mortgage Loans, the Lender shall not deny such loans to any person or persons or discriminate against such person or persons in fixing the amount, interest rate, duration, or other terms and conditions of such loans on account of race, color, religion, age, sex, marital status, handicap, or national origin, and shall otherwise be subject to all State and federal requirements with respect to non-discrimination in lending including, without limitation, Title VI of the U.S. Civil Rights Act of 1964, Title VIII of the U.S. Civil Rights Act of 1968 as amended by the Housing and Community Development Act of 1974, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, and Section 13 of the Act.

Section 220.405 Inspection of Books and Records

The Authority may inspect the books and records of each Lender for the purpose of determining compliance with the Authority's Rules, the Act, and all contracts and agreements between the Authority and such Lender relating to the Program.