

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

**PART 340
LOANS TO LENDING INSTITUTIONS**

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SUBPART A: GENERAL RULES

Section 340.101 Statutory Authorization

Pursuant to Section 7.24 of the Illinois Housing Development Act (Ill. Rev. Stat. 1985, ch. 67-1/2, pars. 307.24) (the "Act"), the Authority is required to establish rules for the making of loans to Lending Institutions. The purpose of this Part is to comply with that requirement.

Section 340.102 Purpose and Objectives

This Part is being established to accomplish the general purposes of the Act and in particular the making of loans to Lending Institutions or the purchasing of loans from Lending Institutions for

the purpose of stimulating the construction, acquisition, improvement or rehabilitation of Dwelling Units, Community Facilities and Housing Related Commercial Facilities for the benefit of Low or Moderate Income Persons or Families in accordance with the Program. This Part does not apply to either the Authority's Single Family Mortgage Purchase Program (47 Ill. Adm. Code 220 and 250) or the Multifamily Rental Housing Mortgage Loan Program (47 Ill. Adm. Code 310).

Section 340.103 Definitions

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

"Act": The Illinois Housing Development Act (Ill. Rev. Stat. 1985, ch. 67 1/2, pars. 301 et seq.), as amended.

"Authority": The Illinois Housing Development Authority.

"Commercial Facilities": The land, buildings, improvements, equipment and all ancillary facilities for use for offices; stores; retirement homes; hotels; financial institutions; service, health care, social education, recreation or research establishments; or any other commercial purpose.

"Community Facilities": The land, buildings, improvements and equipment for land development, for health, welfare, recreational, social, educational and commercial activities, and for public and municipal services.

"Days": Days shall mean calendar days. Due dates falling on a Saturday, Sunday, or legal State or federal holiday shall be deemed to fall on the next calendar day that is not a Saturday, Sunday, or a legal State or federal holiday.

"Development": A specific work or improvement undertaken to provide Dwelling Units, including the construction, acquisition, improvement or rehabilitation of lands and buildings, including Community Facilities or Housing Related Commercial Facilities, under the Act. "Director": The Director of the Authority.

"Dwelling Unit": A house, apartment or single room occupied or to be occupied as a place of residence.

"Housing Related Commercial Facilities": Commercial facilities which are or will be related to a development. Commercial facilities are related to a development if they are, in the sole judgment of the authority, located in the same geographical area, accessible to the development and are:

Necessary or desirable in order to complement the development, enhance the quality of life and provide services and/or employment for residents of that area in which the development is located; or

Commercial facilities in which rent revenues are used to provide funds for paying costs of construction, acquisition, rehabilitation, operation, maintenance, or of debt service on the development or housing related commercial facilities; or

Necessary or desirable in order to make the development successful, for example, facilities that eliminate or prevent slum or blighted conditions, or to preserve historic structures, provided that the facilities are not inconsistent with the development.

"Lending Institution": Any Bank, Trust Company, Savings Bank, Savings and Loan Association, Credit Union, National Banking Association, Mortgage Banking Association, Federal Savings and Loan Association or Federal Credit Unit maintaining an office in the State, any insurance company or any other entity or organization which makes or acquires loans secured by real property and is authorized to do business in the state and maintains an office in the state.

"Loan Recipient": The individual, corporation, partnership, land trust or other entity to which a Lending Institution proposes to make or makes a loan under the Program and which will use such loan funds for the construction, acquisition, improvement or rehabilitation of a Dwelling Unit or Units, Community Facilities, or Housing Related Commercial Facilities for the benefit of Low or Moderate Income Persons or Families.

"Members": The Members of the Authority.

"Part": This Part 340.

"Persons or Families of Low or Moderate Income": Persons or families whose income does not exceed 160% of the median family income, as established by the United States Department of Housing and Urban Development, for either a metropolitan statistical area, a primary metropolitan statistical area or each county in non-metropolitan statistical areas, as shown on Table

A ("Income Limits").

"Program": The Authority's Loans to Lending Institutions Program.

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

"State": The State of Illinois.

Section 340.104 Forms for the Program

The Staff shall prepare, use, supplement, and amend such forms, agreements, and other documents as shall be necessary to implement the Program, all as prescribed by the Director.

Section 340.105 Equal Opportunity Lending

In making loans under the Program, a Lending Institution shall not deny a loan to any person or persons or discriminate against any person or persons in fixing the amount, 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 nondiscrimination in lending including, without limitation, Titles VI of the U.S. Civil Rights Act of 1964 (42 U.S.C. 2000 et seq.); Title VIII of the U.S. Civil Rights Act of 1968 (42 U.S.C. 3604 et seq.), as amended by the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.); the Equal Credit Opportunity Act (15 U.S.C. 1691-1691F); the Fair Credit Reporting Act (15 U.S.C. 1681-1681T) and Section 13 of the Act.

Section 340.106 Severability

If any clause, sentence, paragraph, subsection, Section, or Subpart of this Part 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.

Section 340.107 Gender and Number

All terms used in any one gender or number shall be construed to include any other gender or number as the context may require.

SUBPART B: LOANS TO LENDING INSTITUTIONS

Section 340.201 Loans to Lending Institutions

The Authority may participate with, purchase loans from or make loans to Lending Institutions for the purpose of those institutions lending such funds, either directly or indirectly, for the construction, acquisition, improvement or rehabilitation of:

- a) Dwelling Units owned or to be owned by Persons or Families of Low or Moderate Income;
- b) Dwelling Units occupied or to be occupied by Persons or Families of Low or Moderate Income;
- c) Community Facilities; or
- d) Housing Related Commercial Facilities.

Section 340.202 Eligible Developments

- a) All Developments consisting of single or multifamily Dwelling Units, or Community Facilities or Housing Related Commercial Facilities shall be eligible for construction, acquisition, improvement or rehabilitation loans. If the Development consists of Dwelling Units, at least 50% of the Dwelling Units must be:
 - 1) Owned or to be owned by Persons or Families of Low or Moderate Income or
 - 2) Occupied or to be occupied by Persons or Families of Low or Moderate Income.
- b) A person or family shall only be required to meet the requirements of being a Low or Moderate Income Person or Family, under the Act and this Part, at the time of the initial purchase or occupation of the Dwelling Unit or Development.

Section 340.203 Lending Institution Approval

- a) Lending Institutions shall make a written proposal, with supporting documents, to the Director, containing information determined by the Director to be necessary for Lending Institution approval.
- b) In determining whether to approve a Lending institution for participation in the Program, the Authority shall consider, but shall not be limited to, the following criteria:
 - 1) The financial stability and integrity of the Lending Institution, as indicated by, but not limited to, the Lending Institution's financial resources, business obligations, other financial obligations, and financial soundness;
 - 2) Previous experience of the Lending Institution in the construction, acquisition, improvement or rehabilitation of developments of a size, scope and expense similar to the Development to be financed under this Program;
 - 3) The economic viability of the Lending Institution's proposal, as determined by the Authority with an economic, financial and business analysis;
 - 4) The need for decent, safe and sanitary housing, in accordance with locally approved building codes, for Persons or Families of Low or Moderate Income Community Facilities and Housing Related Commercial Facilities, in the area proposed to be served by the Lending Institution's proposal, as determined by the Authority, based on census data, social surveys, published data, or on-site inspections.
- c) Each Lending Institution shall certify to the Authority the Lending Institution's compliance with the Act and this Part at the time of the disbursement of the loan.

Section 340.204 Lending Institution's Loan Approval Process

It shall be the obligation of the Lending Institution to:

- a) Approve or reject each application for a construction, acquisition, improvement or rehabilitation loan, as provided in Section 340.205;
- b) Determine the amount of money to be loaned to each Loan Recipient. The Lending Institution shall base the amount of the loan on a review of the following costs, which shall be submitted on a loan application, and compared to the costs of similar construction, acquisition, improvement or rehabilitation developments in the area. The cost items are: design architect's fees; supervisory architect's fees; legal, accounting and other organizational fees; survey and appraisal fees; marketing costs; consulting and purchasing agent fees; construction interest, insurance costs; real estate and other taxes; title and recording fees; construction costs; financial contingency and construction contingency costs; relocation costs; off-site improvements; land costs; carrying charges; and other costs directly related to the construction of the Development;
- c) Act upon a loan application in writing by either issuing or declining to issue a loan commitment within 120 days of receipt of all loan data; provided, however, this period may be extended for a definite period of time upon the mutual written consent of the parties;
- d) Make all disbursements no later than 3 years after the issuance of a loan commitment to a Loan Recipient, provided the Loan Recipient has complied with all requirements set forth in the loan commitment. The Authority shall make its determination of the Lending Institution's compliance, taking into consideration circumstances beyond the control of the Lending Institution, including, but not limited to, strikes, lockouts, fires, and natural disasters.
- e) Charge an interest rate not exceeding the yield paid on 30 year Government National Mortgage Association (GNMA) mortgage certificates as of the date of the adoption of the resolution by the Authority's Members for funding of that particular loan to the Lending Institution. However, if the Authority issues its bonds or notes to finance the loan to the Lending Institution, the effective interest cost to the Authority, plus the Authority's fees and charges, shall be the interest charged by the Authority to the Lending Institution; and
- f) Require each Loan Recipient to execute and deliver a note and such documents as shall be necessary to secure and evidence the transaction, including, but not limited to, a mortgage, assignment of mortgage, security agreement, financing statement, collateral assignment of beneficial interest in a land trust, or by delivery of an irrevocable commercial letter of credit, or other instrument acceptable to the Authority securing payment of the note executed by the Loan Recipient, in an aggregate amount not less than 100% of the outstanding principal balance of the loan, which shall be retained until the loan is paid off.

Section 340.205 Loan Approval

A Loan Recipient must make application, in writing, submitting such information as is necessary for review by the Lending Institution. In determining whether to approve or reject a loan for such Loan Recipient, the Lending Institution, while exercising the standards and practices of a prudent lender, shall consider, but not be limited to, the following information:

- a) the financial resources, financial statements, credit history, employment history, business experience, and credit worthiness of the Loan Recipient;
- b) the type, scope, size and cost of the proposed new construction, acquisition, improvement or rehabilitation of the Development;
- c) the requirements of State and federal laws applicable to Lending Institutions, as defined in the Act;
- d) the applicability of local housing codes and zoning laws;
- e) the Loan Recipient's past record and experience in successfully completing developments of a similar type, scope, size and cost;
- f) whether the fair market value of the proposed Development as improved meets or exceeds the amount of the loan; and
- g) the ability of the proposed Development to generate sufficient revenue to pay operation, maintenance and debt service costs, and other expenses directly related to the Development.

Section 340.206 Termination of Loan Disbursements

- a) If the Authority is the sole source of funds for the Program, excluding origination and servicing fees, the Authority shall declare a default and thereafter terminate loan disbursements and accelerate the note executed by the Loan institution, if any, 30 days after the Authority gives the Lending Institution written notice of the default, if it is determined by the Authority that the Lending Institution is not complying with the Act, or this Part, or the terms of the documents executed in connection with the loan to the Lending Institution or with State or federal laws applicable to the Lending Institution, as defined in this Act. If the Lending Institution cures, or enters into an agreement with the Authority to cure, the default within 30 days after the Authority's written notice of the default, the loan shall be reinstated and the default status terminated; however, if the Lending Institution is misappropriating loan proceeds, the Authority shall terminate loan disbursements and accelerate the note executed by the Lending Institution if any, and ban further participation by the Lending Institution in the Program. No act of non-feasance or malfeasance by a Lending Institution shall cause the acceleration of a note executed by a Loan Recipient under this Program.

- b) If the Authority participates in the Program with funds from other participants, excluding origination and servicing fees, the agreement between the participants shall control as to the right to terminate loan disbursements and the right to accelerate the note executed by the Lending Institution, if the Lending Institution is misusing loan proceeds or is not complying with the Act, or this Part, or the terms of the documents executed in connection with the loan to the Lending Institution or State and federal laws applicable to Lending Institutions, as defined in the Act.

Section 340.207 Reports to the Authority

Each Lending Institution shall provide a written report to the Authority not less frequently than annually, prepared in accordance with the accounting standards of the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (AICPA) (June 1984). This incorporation includes no subsequent amendments to these standards. Each report shall include, but not be limited to, the following information:

- a) The name and address of each Loan Recipient from the Lending Institution made under the Program;
- b) The amount of each loan made by the Lending Institution under the Program;
- c) The status of each loan made by the Lending Institution under the Program;
- d) The outstanding principal balance of the loan made by the Authority to the Lending institution under the Program; and
- e) In the event the information provided is incomplete, of insufficient detail, includes discrepancies and conflicts in information, or needs further clarification, such additional information as shall be required by the Authority to ensure compliance with the Act, this Part, the terms of the documents executed in connection with the loan from the Authority to the Lending Institution, and all State and federal laws applicable to Lending Institutions, as defined in this Act, shall be supplied to the Authority.

Section 340.208 Inspection of Books and Records

Upon prior written notice, the Authority may inspect, examine, and copy the books and records of each Lending Institution for the purpose of determining compliance with this Part, the Act, and all contracts and agreements between the Authority and such Lending Institution relating to the Program.

Section 340.209 Contractual Rights

This Part shall not constitute or create any contractual rights.

Section 340.210 Fees and Charges of the Authority

In connection with the Program, the Authority may establish and collect fees and charges. Such fees and charges may be used by the Authority for its general corporate purposes, including costs of administering the Program.

Section 340.TABLE A Income Limits

Persons or families of low or moderate income shall be persons or families whose annual income does not exceed the following limits:

County	Income Limit for Person or Family
Adams	\$40,480
Alexander	32,320
Bond	42,400
Brown	32,160
Bureau	44,960
Calhoun	36,000
Carroll	45,280
Cass	44,800
Christian	44,800
Clark	41,280
Clay	33,600
Coles	46,560
Crawford	43,360
Cumberland	40,480
DeKalb	52,160
DeWitt	50,560
Douglas	49,760
Edgar	40,640
Edwards	41,280
Effingham	45,760
Fayette	36,800
Ford	48,480
Franklin	37,760
Fulton	42,240
Gallatin	35,840
Greene	35,040
Hamilton	37,280
Hancock	40,160
Hardin	30,080
Henderson	41,440
Iroquois	45,920
Jackson	40,640
Jasper	39,360

Jefferson	44,640
JoDaviess	47,520
Johnson	36,160
Knox	45,280
LaSalle	52,320
Lawrence	38,400
Lee	44,000
Livingston	53,280
Logan	46,560
McDonough	41,120
Macoupin	44,480
Marion	40,320
Marshall	46,560
Mason	43,840
Massac	39,680
Mercer	47,040
Montgomery	43,040
Morgan	44,960
Moultrie	46,720
Ogle	52,160
Perry	48,320
Piatt	51,680
Pike	32,640
Pope	34,720
Pulaski	29,440
Putnam	50,560
Randolph	50,080
Richland	39,840
Saline	38,880
Schulyer	36,320
Scott	38,720
Shelby	43,840
Stark	43,840
Stephenson	50,080
Union	37,760
Vermilion	46,400
Wabash	49,440
Warren	43,200
Washington	45,440
Wayne	40,000
White	41,760
Whiteside	47,040
Williamson	40,480

Metropolitan Statistical Area (MSA) or Primary Metropolitan Statistical Area (PMSA)	Income Limit for Person or Family
Aurora-Elgin PMSA (Kane and Kendall Counties)	59,040
Bloomington-Normal MSA (McLean County)	55,840
Champaign-Urbana-Rantoul MSA (Champaign County)	51,200
Chicago PMSA (Cook, DuPage, and McHenry Counties)	58,880
Davenport-Rock Island-Moline MSA (Rock Island and Henry Counties)	9,920
Decatur MSA (Macon County)	51,360
Joliet PMSA (Grundy and Will Counties)	59,200
Kankakee MSA (Kankakee County)	44,000
Lake County PMSA (Lake County)	69,440
Peoria MSA (Peoria, Tazewell, and Woodford Counties)	52,000
Rockford MSA (Winnebago and Boone Counties)	51,840
St. Louis MSA (Madison, St. Clair, Monroe, Clinton and Jersey Counties)	54,080
Springfield MSA (Sangamon and Menard Counties)	50,880