**Section 260.103 Definitions**

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

"Act": The Illinois Housing Development Act [20 ILCS 3805].

"Assistant Director": The Assistant Executive Director of the Authority.

"Authority": The Illinois Housing Development Authority.

"Bonds": The Homeowner Mortgage Revenue Bonds issued by the Authority pursuant to the Act from time to time to finance the Program.

"Code": The Internal Revenue Code of 1986 (26 U.S.C.), as amended and supplemented, and the regulations promulgated by the Treasury Department (26 CFR).

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

"Director": The Executive Director of the Authority.

"Eligible Borrower": A person:

who is or will be a resident of the State within 60 days after the closing of his or her purchase of a Qualified Dwelling;

whose Household Income does not exceed the Maximum Income;

who intends to use the Qualified Dwelling being financed by a Mortgage Loan as his or her permanent residence within 60 days after the closing of the Mortgage Loan;

who occupies or intends to occupy as a single household the Qualified Dwelling purchased or being purchased as a permanent residence; and

who at no time during the 3-year period ending on the date of closing of the Mortgage Loan had a present ownership interest in his or her principal residence.

An Eligible Borrower who purchases a Targeted Area Residence or a Qualified Rehabilitation Residence, or who qualifies under any other provision of the Code, is exempt from the 3-year requirement of this definition. For purposes of this definition, the Eligible Borrower's interest in the Qualified Dwelling financed under this Program shall not be taken into account.

A residence that is used as an investment property or a recreational home, or that is primarily intended to be used in a trade or business (including, without limitation, any residence of which more than 15% of the total area is reasonably expected to be used primarily in a trade or business), does not satisfy the requirements of this paragraph.

"FHA": The Federal Housing Administration.

"FHLMC": The Federal Home Loan Mortgage Corporation.

"FmHA": The Farmer's Home Administration.

"FNMA": The Federal National Mortgage Association.

"Household Income": The total annualized gross income of the Eligible Borrowers, and any other person who is expected to live in the Qualified Dwelling and be secondarily liable on the Note, all persons residing or intending to reside as a single household in a Qualified Dwelling, from whatever source derived and before taxes or withholdings; provided that if a married person takes title to the Qualified Dwelling individually the income of the spouse shall also be included.

"Lender": A State-chartered bank, national banking association, mortgage banking association or institution, credit union, or State or federal savings and loan association:

that is licensed, qualified and in good standing to do business in the State;

that is qualified to originate and/or sell mortgages to FNMA, FHLMC, and/or approved by FHA to originate loans (this requirement may be waived by the Director after determination that the assets of the Lender exceed $500,000, that the percentage of mortgage delinquencies in the Lender's single family portfolio do not exceed 2.15 times the Statewide average as determined by the last quarterly pronouncement by the United States Federal Home Loan Bank Board and that the Lender has an asset-to-liability ratio of at least 1.01:1);

the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, or which deposits its funds in Illinois financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation; and

whose Lender Application has been accepted by the Director, Deputy Director, Assistant Director or Managing Director based upon the satisfaction of the requirements of the Series Program under which the Lender has submitted the Lender Application and a determination of financial suitability after consideration of the net assets, lending capacity, and experience of the potential Lender over the past 12 months in residential mortgage lending. The Authority may also be a Lender.

"Lender Application": A prospective Lender's application to sell Mortgage Loans to the Authority or participate in the Authority's Programs pursuant to the terms of a Mortgage Purchase Agreement and other Series Program documents.

"Managing Director": A Managing Director of the Authority.

"Maximum Income": Unless otherwise permitted by the Code, 115% of the median family income of either the metropolitan statistical area or primary metropolitan statistical area in which the Qualified Dwelling is located or the State, whichever is greater, as determined by the Internal Revenue Service.

"Members": The Members of the Authority.

"Mortgage": The mortgage, or other instrument in the nature of a mortgage, creating a first lien on an interest in a Qualified Dwelling, together with all supplements, modifications or amendments to it.

"Mortgage Loan": A loan made by a Lender to an Eligible Borrower for the purchase of a Qualified Dwelling and secured by a Mortgage on the Qualified Dwelling. No Mortgage Loan shall be a replacement or refinancing of an existing mortgage loan except in the case of a Qualified Rehabilitation Loan or other temporary loans, as permitted by section 143 of the Code.

"Mortgage Purchase Agreement": The agreement, including any amendments or supplements to the agreement, between the Authority and a Lender pursuant to which the Authority or its designee agrees to purchase Mortgage Loans from the Lender on the terms and conditions set forth in the agreement and that establishes the requirements for Mortgage Loans to be purchased by the Authority or its designee, or otherwise allows participation in the Authority's Programs.

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

"Notice of Acceptance": The Authority's notice to a Lender accepting its Lender Application.

"This Part": This Part 260 (47 Ill. Adm. Code 260).

"Prepayment": Any moneys, however derived, that 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 required under that Mortgage Loan.

"Private Mortgage Insurance": Insurance coverage paid for by the Eligible Borrower that insures the Authority against losses with respect to defaults on a Mortgage Loan according to the terms of the insurance policy. The Authority may provide Private Mortgage Insurance or its equivalent.

"Programs": The Authority's single family mortgage purchase programs that are funded with proceeds of Bonds issued after the date of the adoption of the Resolution, or any other source of funds available to the Authority.

"Property Value": The lesser of the purchase price or the appraised value of the Qualified Dwelling at the time of the origination of the Mortgage Loan secured by that Qualified Dwelling.

"Qualified Dwelling": A fee simple, leasehold or cooperative share interest in real property:

that is located in the State;

upon which there is located a structure or structures designed for residential use;

that is a single family residence; a condominium unit meeting the requirements of the Mortgage Purchase Agreement; a one-, two-, three- or four-unit structure meeting the requirements of the Code; or factory-made housing that is permanently fixed to real property;

of which not more than 15% of the total area is reasonably expected to be used primarily in a trade or business; and

that can reasonably be expected to become the principal residence of the Eligible Borrower within a reasonable time after financing is provided. For purposes of this paragraph, a "reasonable time after financing is provided" shall be deemed to be a period within 60 days after closing of the Mortgage Loan. This period may be extended if the Authority determines that undue hardship to the Eligible Borrower or Lender or an unreasonable result will otherwise occur.

"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 qualified Dwelling for which there has been a qualified rehabilitation, as defined in section 143 of the Code.

"Resolution": The Authority's Homeowner Mortgage Revenue Bonds General Resolution setting forth the general terms and conditions under which the Authority may issue, deliver and sell Bonds.

"Rules": The rules of the Authority, as amended and supplemented from time to time (generally 47 Ill. Adm. Code Chapter II).

"Series Program": A mortgage purchase program authorized by a Series Resolution to become a part of the Program.

"Series Resolution": A resolution issued pursuant to the Resolution authorizing the Authority to conduct a Series Program and to issue Bonds to provide financing of Mortgage Loans under the Series Program.

"Servicer": A Lender, or its designated Servicer, that has been approved by the Director, Deputy Director or Assistant Director as a Servicer and that has executed a Servicing Agreement with the Authority. The Authority may also be a Servicer. A designated Servicer other than the Authority must:

be a State-chartered bank, national banking association, mortgage banking association or institution, credit union, State or federal savings and loan association or mortgage servicing company;

be qualified to do business in the State;

be qualified to service mortgages sold to the Authority or its designee, FNMA and/or FHLMC, or insured by FHA, unless this 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

have deposits insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, or deposit its funds in Illinois financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation.

"Servicing Agreement": The agreement between a Servicer and the Authority (except when the Authority is the Servicer) that sets forth the terms and conditions for the servicing of Mortgage Loans purchased by the Authority or its designee.

"Staff": The Director, Deputy Director, Assistant Director, any Managing Directors and employees of the Authority.

"State": The State of Illinois.

"Supplemental Mortgage Coverage": The coverage, if required by a Series Resolution, whether in the form of insurance, a letter of credit, a guarantee, pledged funds or other forms of coverage, of losses incurred from Mortgage Loan defaults under that Series Program. Supplemental Mortgage Coverage may supplement other mortgage insurance and may include any insurance or reserve fund funded by the Authority.

"VA": The United States Department of Veterans Affairs.

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