**Section 260.401 Mortgage Loans**

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

a) The original principal amount of each Mortgage Loan shall fall below the maximum price limits as set by the Authority from time to time. Each Mortgage Loan that has a loan-to-Property Value ratio in excess of 80% at the time of origination shall:

1) be insured by a private mortgage insurer licensed to do business in the State and qualified to insure single family mortgages purchased by the FHLMC, FNMA or successor federal agencies to the extent, if any, required, so that the uninsured portion of the Mortgage Loan shall not exceed 67% of the Property Value; or

2) be subject to insurance or guaranty by the FHA or the VA or any other agency or instrumentality of the United States of America having similar powers to insure or guarantee mortgage loans.

b) Each Mortgage Loan, if required by the Authority, shall be subject to Supplemental Mortgage Coverage.

c) Each Mortgage Loan to be purchased by the Authority or its designee shall be secured by a Mortgage on a Qualified Dwelling and shall also meet the applicable terms and conditions set forth in this Part, the Lender Application, the Notice of Acceptance and the Mortgage Purchase Agreement. Lenders shall sell to the Authority or its designee, and the Authority or its designee shall purchase, only Mortgage Loans made to Eligible Borrowers.

d) Each Mortgage securing a Mortgage Loan to be purchased by the Authority shall:

1) be executed on a form approved by the Authority;

2) be a valid first mortgage lien on a Qualified Dwelling;

3) be consistent with Illinois law; and

4) conform with the requirements prescribed by the Authority and any applicable insurer.

e) Each Mortgage Loan to be purchased by the Authority or its designee shall be assumable and assignable, unless otherwise required by Section 103 of the Code, any other applicable sections of the Code or any other applicable State or federal law as may be enacted from time to time, and shall contain a provision giving the Authority or its designee the right to accelerate the maturity of the Mortgage Loan upon sale or lease of the Qualified Dwelling, unless otherwise allowed or required by applicable State or federal law.

f) The purchase price of each Qualified Dwelling that is the subject of a Mortgage Loan to be purchased by the Authority or its designee under the Programs shall fall below the maximum price limits set by the Authority from time to time.

g) The Authority or its designee shall not be required to purchase any Mortgage Loan if, on the date of purchase, the obligor of the Mortgage Loan is delinquent in the payment of any installment of principal, interest or other amounts due under the terms of the Mortgage Loan.

h) The Authority or its designee may foreclose Mortgages held as security for Mortgage Loans purchased under this Part that are in default according to their terms, or reassign the Mortgages to the Lender in accordance with the terms of the Mortgage Purchase Agreement. The Authority or its designee may take title in its name upon foreclosure and to subsequently convey title to the property to any purchaser of the property.

(Source: Amended at 33 Ill. Reg. 7295, effective May 22, 2009)