**Section 300.103 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 Bonds issued by the Authority pursuant to the Act from time to time under any resolution of the Authority or indenture pursuant to which Authority Bonds may be issued to finance or refinance Mortgage Loans under the Program, as amended or supplemented.

"Code": The Internal Revenue Code of 1986 (26 U.S.C.), as amended and supplemented, and the regulations promulgated by the Treasury Department from time to time under that statute (26 CFR). References to a section of the Code include all regulations promulgated by the Treasury Department under that section.

"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 the later of 60 days after the closing of the purchase of a Qualified Dwelling and, in the case of a Qualified Dwelling upon which residential structures are to be substantially renovated or constructed by the Eligible Borrower following its purchase, within 60 days after the substantial completion of renovation or construction, but in any event within 270 days after the closing of the purchase of the Qualified Dwelling, and whose Household Income does not exceed the Maximum Income;

who occupies, or intends to occupy, as a single household the Qualified Dwelling being financed or refinanced by a Mortgage Loan as his or her permanent residence within 60 days after the later of the closing of the Mortgage Loan and, in the case of a Qualified Dwelling upon which residential structures are to be substantially renovated or constructed by the Eligible Borrower following its purchase, within 60 days after the substantial completion of renovation or construction, but in any event within 270 days after the closing of the Mortgage Loan.

The foregoing time periods may be extended in particular instances if the Authority determines that undue hardship to the Eligible Borrower or an unreasonable result will otherwise occur.

"FHA": The Federal Housing Administration.

"FHLMC": The Federal Home Loan Mortgage Corporation.

"FNMA": The Federal National Mortgage Association.

"GNMA": The Government National Mortgage Association.

"Household Income": The total annualized gross income of the Eligible Borrowers and any person who is expected to:

live in the Qualified Dwelling; and

be liable, or 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.

"Insured": A Mortgage Loan that is insured by Private Mortgage Insurance, by insurance provided by FHA, VA or USDA, or by insurance under a comparable government insurance program approved by the Members by resolution and acceptable to GNMA, FNMA or FHLMC, as applicable.

"Lender": A 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 that makes or acquires loans secured by real property:

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

that meets the conditions and requirements of the applicable Mortgage Purchase Agreement and that meets the requirements of the applicable insurer, if any, and FNMA, FHLMC or GNMA, as and to the extent applicable, as issuer and/or guarantor of Mortgage-Backed Securities; and

that is approved by the Director, Deputy Director or Managing Director in writing, with notice of approval to be provided to the Members within a reasonable period of time. Approval of any Lender may be withdrawn at any time by the Director, Deputy Director or Managing Director in writing, with notice of the withdrawal to be provided to the Members within a reasonable period of time.

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

"Low and Moderate Income Persons": Families and persons whose income does not exceed the Maximum Income and who cannot afford to pay, or qualify for a mortgage loan to finance or refinance, the amounts at which private enterprise, without assisted mortgage financing, is providing a substantial supply of decent, safe and sanitary housing.

"Managing Director" means the Managing Director or Director, as the case may be, of the Authority's Homeownership Programs Department.

"Maximum Income": Unless otherwise permitted or required by the Code, 120% 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.

"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 Program.

"Mortgage-Backed Security": A single pool, guaranteed mortgage pass-through security issued and guaranteed by FNMA, a single pool, guaranteed mortgage pass-through certificate issued and guaranteed by FHLMC, or a mortgage pass-through certificate guaranteed by GNMA pursuant to its mortgage-backed securities program under section 306(g) and related provisions of the National Housing Act of 1934 (12 U.S.C. 1701), as amended, or any similar successor statutory authority.

"Note": The promissory note evidencing a Mortgage Loan and secured by a Mortgage on a Qualified Dwelling with respect to which assisted Mortgage financing is provided by the Authority under the Program.

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

"Prepayments": 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 or Mortgage-Backed Security prior to scheduled payments of principal required under that Mortgage Loan or Mortgage-Backed Security.

"Private Mortgage Insurance": Insurance coverage paid for by the Eligible Borrower that insures against losses with respect to defaults on a Mortgage Loan according to the terms of the insurance policy. The insurer and the terms of the insurance policy must be approved by FNMA or FHMLC or by the Director, Deputy Director or Managing Director in writing.

"Program": The Authority's Homeownership Mortgage Loan Program under which the Authority provides assisted Mortgage financing to Low and Moderate Income Persons to finance or refinance their purchase of Qualified Dwellings, funded with proceeds of Bonds or any other source of funds available to the Authority.

"Program Funds": All moneys made available by the Authority for the purchase of Mortgage Loans under the Program, from whatever source derived.

"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 or, if the real property is unimproved, upon which construction of that structure or structures for residential use has begun or will commence within 60 days after the closing of the Eligible Borrower's purchase of the property and can reasonably be expected to be completed within 270 days after the closing of the Eligible Borrower's purchase of the property;

that is a single family residence; a condominium; a one-, two-, three- or four-unit residential structure one unit of which is occupied by the owner of the structure; 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 is, at the time financing or refinancing is provided, the principal residence of the Eligible Borrower or can reasonably be expected to become the principal residence of the Eligible Borrower within a reasonable time after financing or refinancing is provided. For purposes of this definition, a "reasonable time after financing or refinancing is provided" shall be deemed to be a period within 60 days after the later of the closing of the Mortgage Loan and, in the case of a Qualified Dwelling upon which residential structures are to be substantially renovated or constructed by the Eligible Borrower following its purchase, within 60 days after the substantial completion of renovation or construction but in any event within 270 days after the closing of the Mortgage Loan. The foregoing time periods may be extended by the Authority if the Authority determines that undue hardship to the Eligible Borrower or an unreasonable result will otherwise occur.

Not included in this definition is a residence that is:

used as an investment property;

a recreational home; or

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.

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

"Servicer": A Lender, acting in the capacity of a Mortgage loan servicer, a financial institution, a Mortgage banking organization, a Mortgage servicing company, or a state agency or local government unit organized under the laws of any state or territory of the United States of America or the District of Columbia, that is qualified to service Insured Mortgage Loans, is acceptable to GNMA, FNMA or FHLMC, as applicable, has been approved by the Director, Deputy Director or Assistant Director as a Servicer, and has executed a Servicing Agreement with the Authority. The Authority may also be a Servicer.

"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. The term "Servicing Agreement" includes a master agreement pursuant to which the Servicer services Mortgage Loans originated by more than one Lender.

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

"State": The State of Illinois.

"Tax-exempt": With respect to Bonds the interest on which the Authority intends to be tax-exempt, the status of interest paid and received on such Bonds as not includible in the gross income of their owners under the Code for federal income tax purposes, with such general exceptions as may be provided from time to time in the Code (for example and without limitation, the alternate minimum tax applicable to individuals or corporations or the "branch profits tax" imposed on certain corporations).

"This Part": 47 Ill. Adm. Code 300.

"USDA": The United States Department of Agriculture, Rural Housing Service, or any successor agency under the Section 502 Guaranteed Rural Housing Loan Program or any similar replacement program.

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

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