**Section 366.501 Loans**

Each Loan to be purchased under the Program shall comply with the terms of the Lender Application, the HomeBuilder Participation Agreement (if applicable), the Notice of Acceptance, and the Mortgage Purchase Agreement and shall specifically comply with the following requirements:

a) The original principal amount of each Loan, unless such Loan is the subject of insurance or guaranty by the FHA, RECD or the USVA, shall not exceed 97% of the Property Value. If such Loan is the subject of insurance or guaranty by the FHA, RECD or USVA, the principal amount of the Loan shall not exceed the amount approved by such agency. Each 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 or successor federal agency to the extent, if any, required, so that the uninsured portion of such Loan shall not exceed 72% of the Property Value; or

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

b) Each Loan to be purchased by the Authority shall be secured by a Mortgage on a Qualified Dwelling and shall also meet the applicable terms and conditions set forth in the HomeBuilder Participation Agreement (if applicable), the Lender Application, the Notice of Acceptance and the Mortgage Purchase Agreement. Lenders shall sell to the Authority, and the Authority shall purchase, only Loans made to Eligible Borrowers.

c) Each Mortgage securing a 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.

d) Each Loan to be purchased by the Authority shall be non-assumable and non-assignable, unless otherwise required by applicable State or federal law, and shall contain a provision giving the Authority the right to accelerate the maturity of the Loan upon sale or lease of the Qualified Dwelling.

e) The Authority shall not purchase any Loan if, on the date of purchase, the obligor of the Loan is delinquent in the payment of any installment of principal, interest or other amounts due under the terms of such Loan.

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