**Section 220.301 Mortgage Loans**

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

a) Each Mortgage Loan to be purchased under the Program shall be insured by the FHA for the unpaid principal amount thereof, or be guaranteed by the VA or FmHA in an amount set forth in the Procedural Guide, or have a principal balance not exceeding 80% of the Property Value at the time of origination, or be covered by mortgage insurance policy issued by a private mortgage insurance company approved by the Director and in an amount set forth in the Procedural Guide. (All costs connected with the acquisition of such insurance shall be paid by the Eligible Borrower.)

b) Each Mortgage Loan to be purchased by the Authority shall be secured by a Mortgage on a One-Unit Dwelling and must further meet the applicable terms and conditions set forth in the Authority's Rules, the Application, Notice of Acceptance, Mortgage Purchase Agreement, and Procedural Guide. Lenders shall sell and the Authority shall purchase only Mortgage Loans made to Eligible Borrowers.

c) Each Mortgage securing a Mortgage Loan to be purchased by the Authority shall be executed on a form approved by the Authority. It shall be a valid first mortgage lien on a One-Unit Dwelling, be consistent with Illinois law, and conform with the standards prescribed by the Authority and any applicable insurer.

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

e) Each Mortgage securing a Mortgage Loan to be purchased by the Authority shall include provisions necessary to protect the interests of the Authority, such provisions being contained in the Mortgage Purchase Agreement, Servicing Agreement, Procedural Guide, and this Part.

f) The purchase price of each One-Unit Dwelling which is the subject of a Mortgage Loan to be purchased by the Authority under the Program shall not exceed 90 percent of the average area purchase price applicable to such One-Unit Dwelling (except that in the case of Targeted Area Residences the purchase price shall not exceed 110% of the average area purchase price) or any other limitations imposed by the Authority in accordance with applicable law. "Average area purchase price" shall be computed by the Authority in accordance with applicable law, if any, and shall be set forth in the Procedural Guide.

g) Mortgages held as security for Mortgage Loans purchased under this Part which are in default may be foreclosed by the Authority according to their terms. The Authority is authorized to take title in its name upon foreclosure and to subsequently convey title to such property to any qualified insurer of the Mortgage or any bona fide purchaser thereof.