**Section 220.303 Terms and Conditions of the Purchase of Mortgage Loans**

a) Mortgage Loans shall be purchased by the Authority on the terms and conditions and in the manner prescribed in the Mortgage Purchase Agreement and the Procedural Guide. The Mortgage Purchase Agreement shall contain such warranties of the Lenders with respect to the Mortgage Loans to be sold thereunder as the Authority may require, which may include the following, among others:

1) The mortgagor is an Eligible Borrower;

2) The purchase price of the One-Unit Dwelling subject to the Mortgage Loan does not exceed any maximum purchase price limitations established by the Authority;

3) The Mortgage Loan is evidenced by a properly executed promissory note made payable or assigned to the order of the Lender and endorsed by the Lender as follows:

"Payable to the order of the Illinois Housing Development Authority without recourse."

and is secured by a Mortgage on the One-Unit Dwelling, both of which are the legal, valid, and binding obligations of the makers thereof and are enforceable in accordance with their terms, except only as such enforcement may be limited by laws affecting the enforcement of creditors' rights generally, and all parties to each Mortgage Loan must have had full legal capacity to execute all Mortgage Loan documents at the time of execution;

4) The Mortgage, financing statement, if any, and any other document required to be filed in a public office to perfect the mortgage lien against third parties has been duly and timely filed, registered, or recorded by the Lender in the proper public office in order to give constructive notice thereof to all subsequent purchasers or encumbrancers;

5) The Lender, being the sole owner and holder of the Mortgage Loan, has full right to sell and assign the Mortgage Loan to the Authority and such assignment conveys a good and marketable mortgagee's title to the Authority free and clear of all liens and encumbrances and subject only to real property taxes and assessments not yet due and encumbrances customarily accepted in accordance with applicable title standards and disclosed to the Authority prior to purchase of the Mortgage Loan;

6) The Mortgage creates a valid and existing first mortgage lien on the real property owned by the mortgagor in fee simple and improvements therein described (and fixtures) to secure the Mortgage Loan, the term "first" mortgage lien" meaning such classes of first liens as are commonly given to secure loans on real estate under the laws of the State;

7) The Lender has not modified in any respect and has not satisfied, canceled, subordinated, or compromised in whole or in part the Mortgage Loan indebtedness and has not released the mortgaged property in whole or in part from the lien of the indebtedness evidenced by the note and secured by the Mortgage (or other instruments evidencing indebtedness and security), and the terms, covenants, and conditions of the note evidencing the Mortgage Loan and the Mortgage securing the same have not been waived, altered, or modified in any respect which would materially affect the validity or enforceability of the Mortgage Loan or the security of the lien of the Mortgage;

8) The real property securing the Mortgage Loan is a One-Unit Dwelling;

9) The improvements upon the real property subject to the Mortgage Loan are covered by a valid and existing policy of hazard insurance meeting the requirements of the Authority;

10) The Lender has complied as follows:

A) as to each FHA-insured Mortgage Loan, with the National Housing Act as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications, such insurance being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, inuring to the benefit of the Authority;

B) as to each Mortgage Loan guaranteed by the VA or FmHA, with the Servicemen's Readjustment Act, the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949, or other applicable federal law as amended and supplemented, all rules and regulations issued thereunder, and all administrative publications, such guaranty being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, inuring to the benefit of the Authority; and

C) as to each Mortgage Loan insured by a private mortgage insurance company, with all rules and requirements of such company, such insurance being in full force and effect and, upon purchase by the Authority of the Mortgage Loan, inuring to the benefit of the Authority; and

11) The Mortgage Loan is covered by a paid-up mortgagee's title insurance policy in such form as the Authority may require.

b) In the event that the Lender fails to deliver Mortgage Loans to the Authority in the amount, on the terms and conditions, and within the time period set forth in the Mortgage Purchase Agreement, the Authority may, if it so chooses and in its sole discretion, re-allocate all or part of the unused portion of the Lender's commitment to other Lenders in accordance with the provisions of Section 220.202 of this Part; redeem all or part of the Bonds issued with respect to such unused portion of the commitment but only if permitted by the resolutions of the Authority authorizing issuance of the Bonds; or undertake any combination of the above. The Mortgage Purchase Agreement may provide for liquidated damages, extension fees, and forfeiture of commitment fees if the Authority makes any re-allocation pursuant to this subsection.

c) If required by the Act, the Mortgage Purchase Agreement shall require that the Lender agree to furnish to the Authority the following:

1) at the time the Authority purchases Mortgage Loans from the Lender, such evidence as the Director shall specify of the Lender's ability and intention to make new residential mortgages (as defined in Section 2(e) of the Act) in an aggregate amount equal to the aggregate amount of the Mortgage Loans then to be purchased by the Authority and

2) within 120 days after the time specified by the Authority by which Mortgage Loans must be delivered to the Authority for purchase, such evidence as the Director may specify that the Lender has made such new residential mortgages.

d) The Mortgage Purchase Agreement shall provide that the Authority shall have the right to require the Lender to repurchase Mortgage Loans sold to the Authority by the Lender if the Director determines that the Lender has failed to comply with the requirements of this Part or of its contracts and agreements with the Authority under the Program.