**Section 250.301 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 Mortgage Purchase Agreement; or have a principal balance not exceeding 80% of the Property Value at the time of origination (or such other percentage as the Authority may determine after consideration of such factors as the financial integrity of the Program and the preferences of bond rating agencies, and as may be provided for in the Procedural Guide or Mortgage Purchase Agreement) and be covered by a mortgage insurance policy issued by a private mortgage insurance company approved by the Director after consideration of such factors as the insurer's rating among applicable rating companies, the potential acceptance of the insurers to Lenders and Eligible Borrowers, and the preferences of bond rating agencies, and in an amount as may be 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 Qualified 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 Qualified Dwelling, be consistent with Illinois law, and conform with the requirements 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 Qualified Dwelling or other violations of the requirements of Section 103A of the Internal Revenue Code of 1954, 26 U.S.C. Section 103A, as amended from time to time and the regulations promulgated by the Treasury Department thereunder.

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 of each Qualified Dwelling which is the subject of a Mortgage Loan to be purchased by the Authority under the Program shall not exceed 110% of the average area purchase price applicable to such Qualified Dwelling (except that in the case of Targeted Area Residences the purchase price shall not exceed 120% 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 established pursuant to procedures prescribed by Section 103A of the Internal Revenue Code of 1954 as amended (26 U.S.C. Section 103A) and shall be set forth in the Mortgage Purchase Agreement and 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 or reassigned to the Lender in accordance with the terms of the Mortgage Purchase Agreement. 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.