**Section 340.204 Lending Institution's Loan Approval Process**

It shall be the obligation of the Lending Institution to:

a) Approve or reject each application for a construction, acquisition, improvement or rehabilitation loan, as provided in Section 340.205;

b) Determine the amount of money to be loaned to each Loan Recipient. The Lending Institution shall base the amount of the loan on a review of the following costs, which shall be submitted on a loan application, and compared to the costs of similar construction, acquisition, improvement or rehabilitation developments in the area. The cost items are: design architect's fees; supervisory architect's fees; legal, accounting and other organizational fees; survey and appraisal fees; marketing costs; consulting and purchasing agent fees; construction interest, insurance costs; real estate and other taxes; title and recording fees; construction costs; financial contingency and construction contingency costs; relocation costs; off-site improvements; land costs; carrying charges; and other costs directly related to the construction of the Development;

c) Act upon a loan application in writing by either issuing or declining to issue a loan commitment within 120 days of receipt of all loan data; provided, however, this period may be extended for a definite period of time upon the mutual written consent of the parties;

d) Make all disbursements no later than 3 years after the issuance of a loan commitment to a Loan Recipient, provided the Loan Recipient has complied with all requirements set forth in the loan commitment. The Authority shall make its determination of the Lending Institution's compliance, taking into consideration circumstances beyond the control of the Lending Institution, including, but not limited to, strikes, lockouts, fires, and natural disasters.

e) Charge an interest rate not exceeding the yield paid on 30 year Government National Mortgage Association (GNMA) mortgage certificates as of the date of the adoption of the resolution by the Authority's Members for funding of that particular loan to the Lending Institution. However, if the Authority issues its bonds or notes to finance the loan to the Lending Institution, the effective interest cost to the Authority, plus the Authority's fees and charges, shall be the interest charged by the Authority to the Lending Institution; and

f) Require each Loan Recipient to execute and deliver a note and such documents as shall be necessary to secure and evidence the transaction, including, but not limited to, a mortgage, assignment of mortgage, security agreement, financing statement, collateral assignment of beneficial interest in a land trust, or by delivery of an irrevocable commercial letter of credit, or other instrument acceptable to the Authority securing payment of the note executed by the Loan Recipient, in an aggregate amount not less than 100% of the outstanding principal balance of the loan, which shall be retained until the loan is paid off.