**Section 366.103 Definitions**

As used in this Part, the following words or terms mean:

"Act": The Illinois Housing Development Act [20 ILCS 3805].

"Advisory Commission": The Illinois Affordable Housing Advisory Commission, established by and pursuant to Section 6(a) of the Affordable Housing Act.

"Affordable Housing Act": The Illinois Affordable Housing Act [310 ILCS 65].

"Assistant Director": The Assistant Director of the Authority.

"Authority": The Illinois Housing Development Authority.

"Bonds": The bonds issued by the Authority from time to time pursuant to the Act and a Resolution to finance the Program, including bonds issued from time to time to replace or refund Bonds or Notes previously issued.

"Commitment Fee": The fee that the Authority may require a prospective HomeBuilder to pay to the Authority at the time it submits its HomeBuilder Participation Agreement to the Authority for acceptance.

"Deputy Director": The Deputy Director of the Authority.

"Director": The Director of the Authority.

"Eligible Borrower": A person applying for a Loan in connection with the purchase of a Qualified Dwelling:

who is or will be a resident of the State within sixty (60) days after the closing of the Loan;

whose Household Income does not exceed the maximum Household Income for Low Income Households or Very Low Income Households, as applicable, for the area in which the Qualified Dwelling is located;

who intends to use the Qualified Dwelling being financed by the Loan as his or her permanent residence within sixty (60) days after the closing of the Loan, or in the case of a Loan for the purchase and rehabilitation of a Qualified Dwelling, within one hundred eighty (180) days of the closing of such Loan. A residence that is used as investment property or a recreational home, or that is primarily intended to be used in a trade or business (including, without limitation, any residence of which more than five percent (5%) of the total area is reasonably expected to be used primarily in a trade or business) does not satisfy the requirements of this subparagraph; and if applicable, meets the requirements of the FHA, RECD or USVA.

"FHA": The Federal Housing Administration.

"FHLMC": The Federal Home Loan Mortgage Corporation.

"FNMA": The Federal National Mortgage Association.

"HomeBuilder": An individual or entity approved by the Authority and that:

for the 12-month period preceding the date of its HomeBuilder Participation Agreement for participation in a Series Program had insurance coverage for product liability, worker's compensation and builder's risk; and

had constructed at least two buildings in that same preceding 12-month period or, in the alternative, had constructed at least four buildings in the 24-month period preceding the date of its HomeBuilder Participation Agreement for participation in a Series Program. An individual or entity that, for purposes of the Program, contracts with another individual or entity that is a HomeBuilder shall be considered a HomeBuilder.

"HomeBuilder Participation Agreement": The agreement between the Authority and a HomeBuilder pursuant to which the HomeBuilder agrees to construct new Qualified Dwellings for purchase by Eligible Borrowers, and the Authority agrees to purchase Loans financing such newly constructed Qualified Dwellings, under the terms and conditions set forth in such agreement.

"Household Income": The total annualized gross income of all persons residing or intending to reside as a single household in a Qualified Dwelling, from whatever source derived and before taxes or withholdings.

"Lender": A State-chartered bank, national banking association, mortgage banking association or institution, credit union, or State or federal savings and loan association:

that is located and qualified to do business in the State;

that is qualified to sell mortgages to FNMA and/or FHLMC (this requirement may be waived by the Director after determination that the assets of the lender exceed $500,000, that the percentage of mortgage delinquencies in the lender's single family portfolio do not exceed 2.15 times the Statewide average, as determined by the last quarterly pronouncement by the United States Federal Home Loan Bank Board, and that the lender has an asset-to-liability ratio of at least 1.01/1);

whose deposits are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, or that deposits its funds in State financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation;

whose Lender Application under a Series Program has been accepted by the Director based upon the satisfaction of the requirements of that Series Program and a determination of financial suitability after consideration of the net assets, lending capacity, and experience of the lender over the past twelve (12) months in residential mortgage lending; and

if applicable, has been approved by the FHA, RECD or USVA, as the case may be. The Authority may also be a Lender.

"Lender Application": A prospective Lender's application under a Series Program to sell Loans to the Authority pursuant to the terms of a Mortgage Purchase Agreement and other Series Program documents.

"Loan": A Loan made by a Lender to an Eligible Borrower for the purchase, or the purchase and rehabilitation, of a Qualified Dwelling that is secured by a Mortgage on such Qualified Dwelling.

"Low-Income Household": A single person, family or unrelated persons living together whose adjusted income is more than 50%, but less than 80%, of the median income of the area of residence, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United State Housing Act of 1937 (42 U.S.C. 1437).

"Members": The Members of the Authority.

"Mortgage": The mortgage, or other instrument in the nature of a mortgage, creating a first mortgage lien on a fee interest in real estate, together with all supplements, modifications or amendments to it.

"Mortgage Purchase Agreement": The agreement between a Lender and the Authority that sets forth the general requirements for, and the general terms and conditions under which the Authority will purchase, Loans.

"Net Proceeds": With respect to the proceeds of each series of Bonds, all moneys made available by the Authority for the purchase of Loans.

"Notes": The notes issued by the Authority pursuant to the Act and a Resolution from time to time to finance the Program.

"Notice of Acceptance": The Authority's notice to a Lender accepting its Lender Application.

"Notice of Reservation of Funds": The Authority's notice to a HomeBuilder (1) accepting its Homebuilder Participation Agreement and (2) setting forth the amount of the HomeBuilder's Reservation.

"Part": This Part 366.

"Pool Insurance": The policy or policies of insurance insuring the Authority's exposure for loss in connection with defaults on Loans purchased by the Authority under a Series Program. The Authority may provide Pool Insurance or its equivalent.

"Pool Insurer": The insurer that the Authority selects pursuant to bid to provide Pool Insurance, or reinsurance for Pool Insurance, for a Series Program. The Authority may be a Pool Insurer.

"Private Mortgage Insurance": Insurance coverage paid for by the Eligible Borrower that insures the Authority against losses with respect to defaults on a Loan according to the terms of the insurance policy.

"Program": The Illinois Affordable Housing Bond Program.

"Property Value": The lesser of the purchase price and the appraised value of the Qualified Dwelling at the time of the origination of the Loan secured by such Qualified Dwelling; or in the case of a Loan for the purchase and rehabilitation of a Qualified Dwelling, the lesser of the purchase price and 110% of the appraised value of the Qualified Dwelling after the completion of rehabilitation.

"Qualified Dwelling": A fee simple interest in a single family residence:

that is located in the State;

upon which there is located a structure or structures designed for residential use;

that is a single family residence; a one-, two-, three- or four-unit structure; or factory-made housing that is permanently fixed to real property;

of which not more than five percent (5%) of the total area is reasonably expected to be used primarily in a trade or business; and

if applicable, meets the requirements of the FHA, RECD or USVA, as the case may be.

Qualified Dwelling does not include stock or any other ownership interest in a cooperative housing corporation or organization or factory-made housing not permanently fixed to real property.

"RECD": The United States Department of Agriculture, Rural Economic and Community Development.

"Reservation": The amount of funds reserved to a HomeBuilder in a Series Program pursuant to a HomeBuilder Participation Agreement and a Notice of Reservation of Funds.

"Resolution": Any Resolution or indenture adopted by the Authority pursuant to the Act authorizing the issuance of Bonds or Notes and setting forth the general terms and conditions under which the Authority may issue, deliver and sell Bonds and Notes, as amended and supplemented from time to time.

"Rules": The rules of the Authority, as amended and supplemented from time to time.

"Series Program": A mortgage purchase program authorized by a Resolution to become a part of the Program.

"Servicer": A Lender, or its designated servicer, that has been approved by the Director, Deputy Director or Assistant Director as a Servicer and that has executed a Servicing Agreement with the Authority. A designated servicer must be a State-chartered bank, national banking association, mortgage banking association or institution, credit union, or State or federal savings and loan association:

that is located and qualified to do business in the State;

that is qualified to sell mortgages to FNMA and/or FHLMC, unless such requirement is waived by the Director based upon a determination of financial suitability made by the Director after consideration of the net assets, servicing capacity, and experience of the potential Servicer over the past 12 months in residential mortgage servicing;

the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, or that deposits its funds in State financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation; and

if applicable, has been approved by the FHA, RECD and/or the USVA.

The Authority may also be a Servicer.

"Servicing Agreement": The agreement between a Servicer and the Authority that sets forth the general terms and conditions for the servicing of Loans purchased by the Authority.

"Single Family Program": A program under which the Authority purchases Loans on Qualified Dwellings.

"Special Hazard Insurance": Insurance that provides protection with respect to loss on properties acquired upon foreclosure of a defaulted Loan by reason of damage to properties caused by certain hazards (including earthquakes, and to a limited extent, tidal waves and related water damage) not insured against under a standard hazard insurance policy required to be obtained by each Eligible Borrower, or a flood insurance policy if the property is in a federally designated flood area. The Authority may provide Special Hazard Insurance or its equivalent.

"Staff": The Director, Deputy Director, Assistant Director and the other employees of the Authority.

"State": The State of Illinois.

"USVA": The United States Department of Veterans' Affairs.

"Very Low-Income Household": A single person, family or unrelated persons living together whose adjusted income is not more than 50% of the median income of the area of residence, adjusted for family size, as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437).