# Property Mortgage Purchase Agreement

**THIS MORTGAGE PURCHASE AGREEMENT** (this "Agreement"), dated as of

 , 20\_\_, by and between the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY** (the "Authority"), a body politic and corporate of the State of Illinois, established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq*. (the "Act"), having its office at 401 N. Michigan Ave., Suite 700, Chicago, Illinois 60611, and \_

 (the "Lender"), having its principal office at

 ;

# WITNESSETH:

In consideration of the mutual agreements contained in this Agreement, the Authority and the Lender agree as follows:

# Section 1. Definitions.

As used in this Agreement the following words and terms shall have the following meanings:

"Acquisition Cost": The total cost of acquisition of a Qualified Dwelling, computed in the manner prescribed in the Affidavit of Buyer.

"Affidavit of Buyer": The affidavit or affidavits in the forms prescribed by the Authority from time to time to be completed by persons applying for a Mortgage Loan, as such forms are completed.

"Affidavit of Seller": The affidavit or affidavits in the forms prescribed by the Authority from time to time to be completed by the seller of a residential housing unit that is sought to be acquired with the proceeds of a Mortgage Loan, as such forms are completed.

# "Area of Chronic Economic Distress": An area designated by the State as meeting the standards established by the State for purposes of Temporary Regulations, Section 6a.103A-2(b) (5) under the Internal Revenue Code of 1954, as amended, or such comparable regulations as may be promulgated under the Internal Revenue Code of 1986, as amended, and the designation of which has been approved in accordance with such regulations.

"Bonds": The Authority's Homeowner Mortgage Revenue Bonds issued pursuant to the General Resolution to provide permanent financing for the Program.

"Business Day": A Day other than a Saturday, Sunday or other day on which the

offices of the Authority are closed.

"Eligible Borrower": A person:

1. who is or will be a resident of the State within sixty (60) days of the closing of the Mortgage Loan;
2. whose Household Income does not exceed the amount for the area in which the Qualified Dwelling being financed by the Mortgage Loan is located, as determined by the Authority; this amount may be amended from time to time without the consent of the Lender;
3. who intends to use the Qualified Dwelling being financed by the Mortgage Loan as his or her permanent residence within sixty (60) days after the closing of the Mortgage Loan. A residence that is primarily intended to be used in a trade or business (including, without limitation, any residence of which more than fifteen percent (15%) of the total area is reasonably expected to be used primarily in a trade or business) does not satisfy the requirements of this subparagraph (3). Further, a residence used as an investment property or recreational home does not satisfy the requirements of this subparagraph;
4. who has not had any present ownership interest in a principal residence at any time during the three (3) year period prior to the date on which the Mortgage is executed. The person's interest in the Qualified Dwelling being financed by the Mortgage Loan shall not be taken into account for purposes of this subparagraph (4). Present ownership interest includes all forms of ownership other than: (i) an ordinary lease, with or without purchase option;
	1. the interest of a buyer under a Standard Residential Purchase Contract;
	2. an expectancy to inherit property; (iv) a remainder or reversionary interest; and (v) an ownership interest in a residence that is not occupied as a principal residence, such as a vacation home or rental property, and that has not been occupied as a principal residence during the three (3) year period prior to the date on which the Mortgage is executed. The requirements of this subparagraph (4) are not applicable if the Mortgage Loan is being made to finance a Targeted Area Residence;
5. who has not had a mortgage (whether or not paid off) on the Qualified Dwelling being financed at any time prior to the execution of the Mortgage pertaining to such Qualified Dwelling, excluding any mortgage relating to a construction period loan, or a bridge loan or similar temporary initial financing, and having a term not in excess of twenty-four (24) months; and
6. who holds or will hold title to the real estate in her/his own name and not by

means of a land trust.

"FDIC": The Federal Deposit Insurance Corporation or any successor agency. "FHA": The Federal Housing Administration.

"FHLMC": The Federal Home Loan Mortgage Corporation. "FNMA": The Federal National Mortgage Association or Fannie Mae.

"General Resolution": The Authority's Homeowner Mortgage Revenue Bonds General Resolution adopted July 15, 1994, as amended and supplemented.

"Household Income": The total annual gross income of the Eligible Borrower(s), and any other person who is expected to live in the Qualified Dwelling and be secondarily liable on the Note, from whatever source derived and before taxes and withholdings.

"Interest Rate": The rate(s) of interest specified by the Authority from time to time on the Authority's website.

"Lender": The bank, savings and loan association, credit union or mortgage banker signatory to this Agreement; the Lender shall be licensed to do business in the State.

"Mortgage": A deed of trust, mortgage deed, mortgage or other instrument creating a first mortgage lien on a fee interest in real property located within the State.

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

"Mortgage Purchase Date": The date of payment by the Authority for any Mortgage Loan purchased under this Agreement.

"Net Proceeds": All moneys made available by the Authority in connection with the sale of Bonds, or otherwise, for the purchase of Mortgage Loans.

"Note": The document executed as evidence of the Eligible Borrower's indebtedness under the Mortgage Loan and any supplements to and modifications or amendments of it.

"Notice to Homebuyer": The Authority's notice to homebuyers, delivered to prospective Eligible Borrowers by a Lender informing the prospective Eligible Borrowers of the possible recapture by the Federal government of a portion of the subsidy deemed to have been received by such Eligible Borrowers in connection with the purchase of a Qualified Dwelling should they sell that Qualified Dwelling within nine (9) years of the date of its purchase.

"Pool Insurance": The policy or policies of insurance insuring the Authority's

exposure for loss with respect to defaults in Mortgage Loans purchased by the Authority pursuant to this Agreement.

"Pool Insurer": Any insurer that the Authority may select and that meets the requirements of Section 9.4.

"Prepayment": Any moneys, however derived, that are received or recovered by the Authority from any payment of, or with respect to, principal of any Mortgage Loan prior to scheduled payments of principal called for by such Mortgage Loan. However, no moneys received or recovered by the Authority from the repurchase of a Mortgage Loan by a Lender pursuant to Section 11 shall be a Prepayment.

"Procedural Guide": The manual prepared by the Authority setting forth the standards for underwriting Mortgage Loans, permitted fees, insurance requirements and other requirements in connection with the acceptance of applications for, and the processing and purchase of, Mortgage Loans.

"Program": The Authority's residential mortgage finance program, as authorized by the General Resolution.

"Property Value": The lesser of the Acquisition Cost or the appraised value of the Qualified Dwelling at the time of origination of the Mortgage Loan secured by a Mortgage on such Qualified Dwelling.

"Qualified Census Tract": A census tract in which seventy percent (70%) or more of the families have an income that is eighty percent (80%) or less of the Statewide median family income.

"Qualified Dwelling": A fee simple interest in real estate:

1. that is located in the State;
2. upon which there is located a structure or structures designed for residential use;
3. that is a single family residence; a condominium unit; stock or any other ownership interest in a cooperative housing corporation or organization; a one, two, three or four unit structure; or factory made housing that is permanently fixed to real property;
4. the Acquisition Cost of which does not exceed the amount for the area in which the Qualified Dwelling is located, as determined by the Authority; this amount may be amended from time to time without consent of the Lender; and
5. of which not more than fifteen percent (15%) of the total area is

reasonably expected to be used primarily in a trade or business. "Qualified Dwelling" does not include:

1. factory-made housing not permanently fixed to real property;
2. property, such as an appliance or furniture, that is not a fixture under applicable law;
3. land that is not necessary to maintain the basic livability of a residence or that provides, other than incidentally, a source of income to the mortgagor; and
4. a two, three or four family residence that has not been first occupied as a residence at least five (5) years prior to the execution of the Mortgage; however, the limitation of this subparagraph (5) does not apply to newly constructed two-family residences located in Targeted Areas.

"Rules": The administrative rules of the Authority, as amended supplemented from time to time, specifically including 47 Ill. Adm. Code 260.

"Servicer": The Lender or such servicer as may be designated in accordance with the terms of this Agreement.

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

"Standard Residential Purchase Contract": A contract to purchase residential property, but not an Installment Agreement for Deed, Articles of Agreement for Deed, Land Sales Contract or any other form of ownership or financing which allows a purchaser to enjoy the benefits of ownership without owning title to the property.

"State": The State of Illinois.

"Targeted Area": An area of the State that is a Qualified Census Tract or an Area of Chronic Economic Distress and is included on a list of Targeted Areas included in the Procedural Guide or as otherwise announced by the Authority; this list may be amended from time to time by the Authority without consent of the Lender.

"Targeted Area Residence": A Qualified Dwelling located in a Targeted Area. “USDA”: The United States Department of Agriculture, Rural Development "VA": The Veterans' Administration.