CHAPTER 38 HFA: SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

Secs.

3800 General Provisions
3801 Eligible Mortgage Lenders and Invitation to Reserve Funds
3802 Allocation to Qualified Mortgage Lenders
3803 Mortgage Loan Terms
3804 Eligible Single Family Residences
3805 Distribution of Lendable Proceeds
3806 Eligible Mortgagors
3807 Program Fees
3808 Loan Processing and Program Documents
3809 Affirmative Marketing Goals
3899 Definitions

3800 GENERAL PROVISIONS

3800.1 The provisions of this chapter shall establish the procedures for the administration of the Single Family Mortgage Purchase Program.

3800.2 In order to generate funds from private and public sources to increase the supply and lower the cost of funds available for residential mortgages and thereby help alleviate the critical shortage of adequate affordable housing for low-income and moderate-income families in the District, the Agency is authorized under §302 of the Act to invest in, purchase, make commitments to purchase, and take assignments from qualified mortgage lenders of mortgage loans made to low and moderate income persons for the financing of eligible residential housing that meets the requirements established by the Act and the Agency.

3800.3 The purchase of mortgage loans shall be on whatever terms and conditions that the Agency determines to be appropriate in the circumstances.

3800.4 Terms and conditions shall be established in the Agency's program guidelines.

3800.5 The Agency shall fund the purchase of mortgage loans with the proceeds of its bonds or other available money.

3800.6 The Agency's obligation to purchase mortgage loans shall be contingent on its ability to issue bonds or acquire funds at a rate and upon other conditions acceptable to the Agency.

AUTHORITY: Unless otherwise noted, the authority for this chapter is §306(a) of the District of Columbia Housing Finance Agency Act, D.C. Law 2-135, §306(3), (D.C. Code §45-2126(3) (1981)).

SOURCE: Final Rulemaking published at 30 DCR 4930 (September 23, 1983).

3801 ELIGIBLE MORTGAGE LENDERS AND INVITATION TO RESERVE FUNDS

3801.1 The Agency may accept as participants in the Program those qualified mortgage lenders which have demonstrated to the Agency, among other things, the following:

(a) The ability to originate and service mortgage loans in the District; and

(b) Past compliance with the Community Reinvestment Act, 12 USC 2901 *et seq.*

3801.2 The Agency shall invite interested qualified mortgage lenders to enter into a participation agreement in connection with the Single Family Mortgage Purchase Program (also referred to in this chapter as "the Program").

3801.3 Mortgage lenders may request, from time to time, a reservation of bond proceeds or other moneys expected to be available for the purchase of mortgage loans.

3801.4 Specific instructions concerning the following shall be contained in the Agency's program documents:

(a) The Agency's availability of funds;

(b) Terms for purchasing qualified mortgage loans; and

(c) The method of allocating bond proceeds.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4933 (September 23, 1983).

3802 ALLOCATION TO QUALIFIED MORTGAGE LENDERS

3802.1 When a qualified mortgage lender requests a reservation of bond proceeds or other available funds, the qualified mortgage lender shall be required to indicate the following:

(a) The total dollar amount of mortgage loans the lender is willing to originate; and

(b) The total dollar amount of mortgage loans expected to be originated in those categories specified by the Agency.

3802.2 The categories specified by the Agency under §3802.1 shall include, but not be limited to, the following:

(a) Single-family attached or detached;

(b) Condominiums;

(c) Cooperatives;

(d) Residences in targeted areas;

(e) Federal Housing Administration guarantee loans;

(f) Veterans Administration guarantee loans;

(g) New construction; and

(h) Substantial rehabilitation.

3802.3 The Agency shall allocate funds to participating qualified mortgage lenders on the basis of the following:

(a) The availability of adequate funds for housing in the categories for which reservations have been requested;

(b) The effect of the allocation on the marketability of the Agency's bonds;

(c) The requirements of the Act and the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations regarding the use of bond proceeds;

(d) The effect of the allocation in achieving the Agency's housing goals in the District; and

(e) Other criteria that may be established by the Agency.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4933 (September 23, 1983).

3803 MORTGAGE LOAN TERMS

3803.1 Each mortgage loan shall be secured by a mortgage which constitutes a lien on the fee simple interest in the single family residency encumbered by the mortgage or on the leasehold interest in the single family residence having an unexpired term longer than the term in which the mortgage loan secured is to be amortized.

3803.2 Mortgage loan terms shall be established as the Agency determines to be appropriate in the circumstances.

3803.3 Mortgage loan terms shall be specified in the program documents and may include, but not be limited to, the following:

(a) Maximum and minimum terms;

(b) Type of financing (e.g., graduated payment loan, variable rate loan);

(c) Assumption provisions;

(d) Prepayment penalties;

(e) Fee, charges, and other conditions of originating and servicing requirements;

(f) Maximum loan-to-value ratio;

(g) Down payment requirements; and

(h) Acceleration provisions.

3803.4 The Agency shall establish the interest rate to be charged on the mortgage loans, taking into account the Agency's costs of borrowing the funds required to purchase the mortgage loans, administrative costs of the Agency, and possible losses due to mortgage loan defaults.

3803.5 The interest rate on mortgage loans shall not exceed the maximum permitted by application of the provisions of §§103 and 103A of the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4934 (September 23, 1983).

3804 ELIGIBLE SINGLE FAMILY RESIDENCES

3804.1 The Agency shall finance single family residences located in the District which satisfy the requirements of the Act and §103A of the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations.

3804.2 The program guidelines for eligible single family residences may provide the following:

(a) Types of units to be financed (attached or detached single family, condominiums, cooperatives, new construction, substantial rehabilitation, existing homes);

(b) Maximum purchase price for each type of unit;

(c) Minimum number of occupants for units of different sizes;

(d) In the case of condominium or cooperative units, pre-sale requirements, approval requirements, and maximum number of units to be financed in any building or project; and

(e) Targeted areas.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4934 (September 23, 1983).

3805 DISTRIBUTION OF LENDABLE PROCEEDS

3805.1 In order to comply with §103A of the Internal Revenue Code of 1954, as amended (and applicable I.R.S. regulations), and to carry out the policy for which the Agency was created, the Agency shall provide a mechanism assuring that a

necessary or reasonable amount of lendable bond proceeds are distributed in targeted areas and to such persons as the Agency determines suffer from a critical shortage of affordable financing, or are otherwise in need of appropriate financing, for single family residences.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4935 (September 23, 1983).

3806 ELIGIBLE MORTGAGORS

3806.1 The Agency may purchase mortgage loans made to eligible persons and families who satisfy the requirements of §103A of the Internal Revenue Code of 1954, as amended, applicable I.R.S. regulations, and the Act and who meet certain additional criteria or goals as may, from time to time, be established by the Agency in its program guidelines.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4935 (September 23, 1983).

3807 PROGRAM FEES

3807.1 The Agency may charge and collect from a qualified mortgage lender a reasonable fee to participate in the Program and to cover the Agency's cost of administering the Program and certain other costs as the Agency determines are necessary to cover cashflow or security deficiencies in connection with the issuance of the Program's bonds.

3807.2 The Agency may also allow qualified mortgage lenders to charge the mortgagors or the sellers of single family residences reasonable fees to participate in the Program and defray the costs of originating and servicing the mortgage loans to the extent permitted by applicable law.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4935 (September 23, 1983).

3808 LOAN PROCESSING AND PROGRAM DOCUMENTS

3808.1 All mortgage loans to be purchased under the Program shall be originated and serviced by participating qualified mortgage lenders.

3808.2 Each participating qualified lender shall originate all mortgage loans in accordance with the lender's then current standard underwriting policies, the standards of the FNMA or FHLMC and of the Agency or its designee.

3808.3 Each participating qualified lender shall service all mortgage loans in accordance with the standards set by the program documents.

3808.4 The standards for originating and servicing mortgage loans may be modified from time to time by the Agency.

3808.5 The implementation of the Program shall include the production and execution of certain program documents, including, but not limited to, the following:

(a) Participation agreement;

(b) Invitation to reserve funds;

(c) Request for reservation; and

(d) Lender's manual.

3808.6 The Program documents shall be provided by the Agency and may be amended by the Agency from time to time. The program documents shall be consulted in conjunction with the applicable provisions of this chapter to fully describe the Program and its procedures.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4936 (September 23, 1983).

3809 AFFIRMATIVE MARKETING GOALS

3809.1 The Agency shall establish a monitoring system to ensure that qualified mortgage lenders do the following:

(a) Conduct outreach efforts and inform members of the community of the availability of the Agency's funding or mortgage loans, particularly those minority groups identified by the Agency as having a need for increased housing opportunities; and

(b) Make mortgage loans to eligible persons and families on a nondiscriminatory basis.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4936 (September 23, 1983).

3899 DEFINITIONS

3899.1 When used in this chapter, the following words and phrases shall have the meaning ascribed:

Bonds - the bonds or other evidences of financial obligations of the Agency used to finance mortgage loans.

Eligible person or family - one (1) or more persons or a family determined by the Agency to be of low or moderate income who has not had an ownership interest in a principal residence within the three (3) years prior to the date his or her (or its) mortgage is executed and whose gross income does not exceed the percentages, set forth in the Act, of the median family income, as revised from time to time, for the SMSA in which the District is located.

Gross income - the income shown on the last filed federal income tax return(s) which reflects gross income (total income including deductions) as well as verification of current income by the lender.

Mortgage - a mortgage or deed of trust or any other owner-financing instrument as defined in §102(n) of the Act, encumbering a single family residence located in the District and

securing a mortgage loan in the form and containing terms and provisions required in the applicable program documents and approved by the Agency pursuant to this Part.

Mortgage loan - a loan to an eligible person or family for the purposes of financing residential housing, committed by a qualified lender, pursuant to the applicable program documents, which is evidenced by a mortgage note secured by the related mortgage and which the Agency purchases pursuant to a participation agreement with the qualified mortgage lender.

Mortgage note - a promissory note evidencing a mortgage loan and secured by the related mortgage in the form and containing terms required in the applicable program documents and approved by the Agency.

Participation agreement - the participation agreement between the Agency and a qualified mortgage lender, pursuant to which the qualified mortgage lender becomes a participant in the Program and in accordance with which mortgage loans are originated, purchased by the Agency, and serviced by the lender and which sets forth the requirements of the Act, this Part and §103A of the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations.

Program - the Agency's Single Family Mortgage Purchase Program pursuant to which the Agency purchases mortgage loans from qualified mortgage lenders.

Program documents - any and all documents required by the Agency as set forth in §3801 of this chapter.

Program guidelines - the program guidelines established, from time to time, by the Agency and setting forth the terms and conditions of mortgage loans which the Agency shall purchase from qualified mortgage lenders.

Qualified mortgage lender - means:

(a) Any bank, mortgage banking company, trust company, savings bank, savings and loan association, credit union, national banking association, federal savings and loan or federal credit union which maintains an office in the District and which is a seller and servicer approved by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) or is an FHA approved lender; or meets other requirements as set forth by the Board of Directors of the Agency; and

(b) Any insurance company that is authorized to do business in the District and meets the financial stability and sufficient net worth criteria established, from time to time, by the Agency.

Single-family residence - an owner-occupied single family residence, including a condominium and cooperative unit, that is located in the District and satisfies all the requirements of §103A of the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations.

SMSA - a Standard Metropolitan Statistical Area as defined by the United States Department of Commerce.

Targeted area - a qualified census tract or an area of chronic economic distress located in the District within the meaning of §103A of the Internal Revenue Code of 1954, as amended, and applicable I.R.S. regulations, and any other areas that the Agency may, from time to time, designate.

SOURCE: Final Rulemaking published at 30 DCR 4930, 4931 (September 23, 1983).