

**REVISED PROPOSED REGULATION OF THE
ADMINISTRATOR OF THE HOUSING DIVISION OF THE
DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB File No. R166-99

February 4, 2000

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1-38 and 40-43, NRS 319.140 and 319.210; §39, NRS 319.140, 319.210 and 319.240.

Section 1. Chapter 319 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 28, inclusive, of this regulation.

Sec. 2. *“Acquisition cost” has the meaning ascribed to it in 26 U.S.C. § 143(k) and 26 C.F.R. § 6a.103A-2(b)(8).*

Sec. 3. *“Deed of trust note” means a promissory note that:*

- 1. Evidences a mortgage loan issued by a participating lending institution to an eligible borrower; and*
- 2. Is secured by a deed of trust.*

Sec. 4. *“Eligible lending institution” means a bank, savings bank, mortgage banker or other financial institution that meets the requirements set forth in chapter 319 of NRS and NAC 319.470 for participating in a program as a lending institution.*

Sec. 5. *“Household income”:*

- 1. Means the income of the mortgagor and of any other person who will be living in the qualified residence and who is at least 18 years of age; and*

2. Must be determined in accordance with the provisions of 42 U.S.C. § 1437(f) and the regulations adopted pursuant thereto concerning determination of income.

Sec. 6. "Household income" has the meaning ascribed to it in section 5 of this regulation.

Sec. 7. "Maximum income for eligible borrowers" means the maximum household income established by the division in accordance with the provisions of 26 U.S.C. § 143(f) that an applicant for a mortgage loan may earn to be an eligible borrower in a particular program.

Sec. 8. "Maximum purchase price for a single-family residence" means the maximum price established by the division in accordance with the provisions of 26 U.S.C. § 143(e) for which a single-family residence may be purchased to meet the criteria for a qualified residence for a particular program.

Sec. 9. "Median income for this state" means the median income that is established for this state by the United States Department of Housing and Urban Development.

Sec. 10. "Mortgage loan" means a loan that is:

- 1. Made to an eligible borrower to finance the acquisition cost of a qualified residence;*
- 2. Evidenced by a deed of trust note; and*
- 3. Secured by a deed of trust.*

Sec. 11. "Mortgage purchase agreement" includes, without limitation, any documents incorporated by reference in or supplemental to that agreement.

Sec. 12. "Participating lending institution" means an eligible lending institution to which the division has issued a notice of acceptance pursuant to NAC 319.470.

Sec. 13. "Participating lending institution" has the meaning ascribed to it in section 12 of this regulation.

Sec. 14. *“Program to purchase second mortgage loans for down payments or closing costs” means each program administered by the division pursuant to which the division purchases second mortgage loans from qualified participating lending institutions.*

Sec. 15. *“Qualified applicant” means a person who:*

- 1. Desires to obtain financing for the down payment or the closing costs, or both, for a qualified residence; and*
- 2. Meets the criteria set forth in section 25 of this regulation.*

Sec. 16. *“Qualified participating lending institution” means a participating lending institution to which the division has issued a notice of acceptance pursuant to section 23 of this regulation.*

Sec. 17. *“Qualified residence” means a residence that:*

- 1. Is a single-family residence;*
- 2. Meets the criteria for a principal residence set forth in 26 C.F.R. § 6a.103A-2(d)(3);*
and
- 3. Has an acquisition cost that does not exceed the maximum purchase price for a single-family residence.*

Sec. 18. *“Qualified residence” has the meaning ascribed to it in section 17 of this regulation.*

Sec. 19. *“Second deed of trust” means an instrument, including, without limitation, a deed of trust, mortgage deed or other mortgage, that secures a second mortgage loan and second deed of trust note and creates a second lien, which is junior to a first lien, on a fee interest in real property located within this state.*

Sec. 20. *“Second deed of trust note” means a promissory note that:*

1. Evidences a second mortgage loan issued by a qualified participating lending institution to a qualified applicant; and

2. Is secured by a second deed of trust.

Sec. 21. *“Second mortgage loan” means a loan that is:*

1. Made to a qualified applicant for the payment of the down payment or closing costs, or both, for a qualified residence;

2. Evidenced by a second deed of trust note; and

3. Secured by a second deed of trust.

Sec. 22. *As used in sections 6, 9, 13 to 16, inclusive, and 18 to 27, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 6, 9, 13 to 16, inclusive, and 18 to 21, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 23. *1. The division will determine annually the:*

(a) Amount of money that is available for each program to purchase second mortgage loans for down payments or closing costs; and

(b) Number of participating lending institutions necessary to administer that program.

2. To select the participating lending institutions that will participate in a program to purchase second mortgage loans for down payments or closing costs, the division will:

(a) Verify the status of the lending institution as a participating lending institution;

(b) Consider the level and quality of participation of the participating lending institution in a program administered by the division pursuant to NAC 319.300 to 319.560, inclusive, and sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation;

(c) Consider the extent of previous participation, if any, of the participating lending institution in a program to purchase second mortgage loans for down payments or closing costs; and

(d) Consider the locations of the participating lending institutions.

3. The division will issue a notice of acceptance to each participating lending institution that is selected by the division to participate as a qualified participating lending institution in a program to purchase second mortgage loans for down payments or closing costs.

Sec. 24. *1. The division will enter into an agreement for the purchase and sale of second mortgage loans with a qualified participating lending institution selected pursuant to section 23 of this regulation that desires to sell second mortgage loans to the division.*

2. Each agreement for the purchase and sale of second mortgage loans must:

(a) Set forth the standards for:

(1) Eligibility as a qualified applicant; and

(2) The purchase of a second mortgage loan by the division; and

(b) Require the qualified participating lending institution to consent to the jurisdiction of the first judicial district court of this state in any proceedings to enforce compliance with the provisions of chapter 319 of NRS and sections 6, 9, 13 to 16, inclusive, and 18 to 27, inclusive, of this regulation.

Sec. 25. *A qualified applicant must:*

1. Have obtained or be in the process of obtaining a mortgage loan for the purchase of a qualified residence pursuant to a program administered by the division pursuant to NAC 319.300 to 319.560, inclusive, and sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation;

2. *Have a household income of not more than 80 percent of the median income for this state;*
3. *After paying closing costs for the qualified residence, have no more than \$8,000 in liquid assets in his possession;*
4. *Meet the criteria for underwriting applied by the Federal Housing Administration, the Department of Veterans Affairs or the private mortgage insurance company, as appropriate, depending on which entity insures or guarantees the mortgage loan; and*
5. *Have completed a training course on the purchase of a home approved by the:*
 - (a) *Entity that insures or guarantees the mortgage loan; or*
 - (b) *Division, if the entity described in paragraph (a) has not approved such a course.*

Sec. 26. *The division will service the second mortgage loans originated pursuant to a program to purchase second mortgage loans for down payments or closing costs.*

Sec. 27. *Each second mortgage loan purchased by the division must:*

1. *Be of an amount that:*
 - (a) *Does not exceed \$3,500 for a qualified applicant with a household income of more than 60 percent but not more than 80 percent of the median income for this state; or*
 - (b) *Does not exceed \$5,000 for a qualified applicant with a household income equal to or less than 60 percent of the median income for this state; and*
2. *Meet the applicable terms and conditions of the agreement for the purchase and sale of second mortgage loans entered into by the division and the qualified participating lending institution.*

Sec. 28. 1. *An eligible borrower must:*

(a) Have a household income of not more than the maximum income for eligible borrowers for a family the size of the borrower's family.

(b) Meet the criteria for underwriting applied by the Federal Housing Administration, the Department of Veterans Affairs or the private mortgage insurance company, as appropriate, depending on which entity insures or guarantees the mortgage loan.

(c) Have assets, including, without limitation, savings accounts, stocks, bonds and equity in real property, that do not exceed 50 percent of the acquisition cost of the qualified residence, unless the borrower is disabled or elderly and the division determines that such assets are the primary source of income for the borrower.

(d) Except as otherwise provided in this paragraph, have no ownership interest in a residence that was the principal residence of the borrower, other than a manufactured home that is not permanently affixed to real property, at any time within the 3 years immediately preceding the date on which the mortgage loan is originated. The provisions of this paragraph do not apply to a person applying to finance the purchase of a targeted area residence.

(e) Have not previously obtained a mortgage loan pursuant to a program.

2. As used in this section:

(a) "Principal residence" means a residence that meets the criteria for a principal residence set forth in 26 C.F.R. § 6a.103A-2(d)(3).

(b) "Targeted area residence" has the meaning ascribed to it in 26 U.S.C. § 143(j) and 26 C.F.R. § 6a.103A-2(b)(3).

Sec. 29. NAC 319.300 is hereby amended to read as follows:

319.300 As used in NAC 319.300 to ~~319.570,~~ 319.560, inclusive, *and sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation,* unless the context otherwise requires,

the words and terms defined in NAC ~~[319.310 to 319.450, inclusive,]~~ *319.320, 319.330 and 319.420, and sections 2 to 5, inclusive, 7, 8, 10, 11, 12 and 17 of this regulation*, have the meanings ascribed to them in those sections.

Sec. 30. NAC 319.320 is hereby amended to read as follows:

319.320 “Deed of trust” ~~[includes a mortgage, whether or not in the form of a deed, or other instrument creating]~~ *means an instrument, including, without limitation, a deed of trust, mortgage deed or other mortgage, that secures a mortgage loan and deed of trust note and creates* a first lien on a fee interest in real property located within the state.

Sec. 31. NAC 319.330 is hereby amended to read as follows:

319.330 “Eligible borrower” means a ~~[family whose aggregate adjusted gross income does not exceed the maximum income levels and other requirements established by the division pursuant to chapter 319 of NRS and the Internal Revenue Code of 1986, as amended.]~~ *person who:*

- 1. Desires to obtain financing for the acquisition cost of a qualified residence; and*
- 2. Meets the criteria set forth in section 28 of this regulation.*

Sec. 32. NAC 319.420 is hereby amended to read as follows:

319.420 “Program” means *each program administered by* the ~~[division’s program for purchase of notes evidencing mortgage loans and the accompanying security for single family residences.]~~ *division pursuant to which the division issues bonds and uses the proceeds of the bonds to purchase mortgage loans from participating lending institutions.*

Sec. 33. NAC 319.460 is hereby amended to read as follows:

319.460 1. ~~[The]~~ *For each program, the* division will ~~[from time to time mail invitations]~~ *mail* to *eligible* lending institutions ~~[to apply to sell mortgage loans to]~~ *invitations to apply to*

originate and sell mortgage loans to the division, or to originate and sell mortgage loans to the division and to service such loans for the division. The invitations will ~~be mailed with application forms and all other necessary documents to each lending institution at least 14 days before the applications must be submitted to the division.~~

~~—2.— An application must include:~~

~~—(a) The types of mortgage loans which the lending institution desires to sell to the division;~~

~~—(b) Information regarding the lending institution's total assets, capital, net worth, reserves and income as of its most recently available report;~~

~~—(c) Information regarding the aggregate principal amount of loans made for residential mortgages in the state by the lending institution during the 24 months preceding the date specified by the division in the application form, and the increase, if any, in the amount of mortgage loans made during the second 12 months of the period compared with the first 12 months of the period; and~~

~~—(d) The unconditional agreement of the lending institution, upon acceptance of the application by the division, to sell mortgage loans to the division which comply with the terms of the notice of acceptance.~~

~~—3.— The division will inform applicants of:~~

~~—(a) The date by which the application must be submitted to the division to be considered for an allocation of money to purchase mortgage loans and the date by which the division will return a notice of acceptance;~~

~~—(b) The basic terms and conditions of the application and the documents that must be executed and returned therewith; and~~

~~—(c) The schedule of any fees or charges of the division which must accompany the application.]:~~

(a) Describe the documents required to be submitted by a participating lending institution to the division before the division will purchase a mortgage loan; and

(b) Set forth the maximum purchase price for a single-family residence, the maximum income for eligible borrowers and a formula for determining the price at which the division will purchase a mortgage loan from a participating lending institution for the particular program.

FLUSH *If necessary, the division may require a participating lending institution to submit more documentation or information than that specified in the invitation.*

2. Upon request by an eligible lending institution that has received an invitation, the division will send an application to that institution. To apply to participate in a program, an eligible lending institution must complete and return the application, accompanied by:

(a) The form provided by the division, entitled “Form of Opinion by Counsel to Lending Institution Applying to Sell Mortgage Loans to the Nevada Housing Division,” which has been completed by the legal counsel for the eligible lending institution; and

(b) A copy of the most recent audited annual financial statement of the eligible lending institution.

Sec. 34. NAC 319.470 is hereby amended to read as follows:

319.470 1. ~~[Money which is available to the division through the sale of its bonds will be allocated among eligible lending institutions submitting applications.]~~ To be eligible ~~[.]~~ *to participate in a program*, a lending institution must:

(a) Have a net worth of at least \$500,000;

(b) Maintain at least one office within ~~the state;~~

~~(e) this state that originates loans and deeds of trusts;~~

(c) Customarily engage in originating or servicing loans and deeds of trusts, or in originating and servicing loans and deeds of trusts;

(d) Be qualified to do business in this state;

~~(d)~~ (e) Be licensed as required by applicable law;

~~(e)~~ (f) Be authorized to commence business under a certificate issued by the ~~administrator~~ commissioner of financial institutions, if required by law; ~~and~~

~~(f)~~ (g) Be in good standing with the federal, state or local regulatory agency having jurisdiction ~~, if any.~~

~~2. In making allocations, the division will consider:~~

~~(a) The financial condition of each lending institution which has submitted an application.~~

~~(b) The amount of mortgage loans for single family residences made in this state during the past 24 months by each applicant.~~

~~(c) The amount of federally insured or guaranteed and privately insured mortgage loans for single family residences made in this state during the past 24 months by each applicant.~~

~~(d) The location and number of offices which each applicant has within the state.~~

~~(e) The percentage of mortgage loans for newly constructed residences and mortgage loans for existing residences which each applicant proposes to originate.~~

~~(f) The past and reasonably anticipated future performance of each applicant in underwriting loans submitted to the division for purchase pursuant to the division's programs.~~

~~(g) The terms and conditions of the mortgage loans offered for sale by each applicant.~~

~~—(h) The aggregate principal balances of mortgage loans offered for sale by each applicant compared with the aggregate offered for sale by all the applicants.~~

~~—(i) The past and reasonably anticipated future ability of each applicant to service mortgage loans which are sold to the division.~~

~~—(j) The extent of previous participation, if any, of each applicant in the division's programs.~~

~~—(k) The number and location of the lending institutions needed to operate the division's programs efficiently in areas of the state which are deficient in adequate housing.~~

~~—3. The minimum allocation to each applicant is \$500,000.~~

~~—4. The allocation of money by the division is final.] ; and~~

(h) Be a mortgagee approved by the Federal Housing Administration and the Department of Veterans Affairs, or be a seller or servicer of mortgage loans to and for the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

2. The division will issue a notice of acceptance to each eligible lending institution which applies and is accepted by the division to participate in a program.

Sec. 35. NAC 319.480 is hereby amended to read as follows:

319.480 1. The division will purchase ~~[insured or guaranteed]~~ mortgage loans for the financing of mobile homes.

2. To be financed by the division , a mobile home must:

(a) ~~[Have been manufactured after June 15, 1976, and inspected and approved by the United States Department of Housing and Urban Development as evidenced by a structural certification label, data plate and heating zone certificate indicating construction for use in Nevada;~~

~~—(b) Have a shingle roof;~~

~~—(c) Have permanent wood siding or other siding acceptable to the division which extends from the top of each exterior wall to the ground around the entire perimeter of the mobile home; vertical metal siding which is traditionally used as siding for trailers is not acceptable;~~

~~—(d) Have an overhang or an eave which has been approved by the Department of Housing and Urban Development which projects at least 15 inches from the exterior wall and extends around the entire length and width of the mobile home;~~

~~—(e)] *Meet the requirements applied by the Federal Housing Administration, the Department of Veterans Affairs or a private mortgage insurance company, as appropriate, depending on which entity insures or guarantees the mortgage loan for the financing of the mobile home;*~~

(b) Have the running gear removed;

~~[(f)] (c) Be permanently affixed to [the] a parcel of land [which is owned by the owner of the mobile home, and, if permanently affixed before July 1, 1979, the owner must have filed with the county assessor by May 1, 1980, a statement declaring his desire to have the mobile home classified as real property;~~

~~—(g) Have been inspected and approved, with an installation seal affixed, by the local building department or the manufactured housing division of the department of business and industry;~~

~~—(h)] ; and~~

(d) Be placed on the real property tax roll by the county assessor . ~~[(i)] and~~

~~—(i) Contain at least 1,000 square feet measured from the exterior walls where the walls enclose interior space, including expandable rooms and bay windows but not porches, drawbars, couplings, hitches, wall and roof extensions, or other attachments.~~

~~—3.— The division will purchase a mortgage for the financing of a mobile home only if any alteration, modification or improvement which has been made, was performed in accordance with applicable building codes and has been inspected and approved by the local building inspector.~~

~~—4.— The division will only purchase loans on mobile homes which are insured or guaranteed loans on real property.~~

~~—5.— In determining whether a mobile home meets the requirement in subsection 3 of NAC 319.570, the land to which the mobile home has been permanently affixed will be valued at the actual purchase price to the owner without regard to the date the owner purchased the land.]~~

Sec. 36. NAC 319.500 is hereby amended to read as follows:

319.500 In addition to any other remedies available to it, the division will ~~[deny, without leave to file a corrected application, any application for]~~ ***not:***

1. Purchase a mortgage loan which ~~[contains]~~ ***was obtained by the use of*** intentionally false or misleading information ~~[]~~ ***in the application.***

2. Reconsider the purchase of such a mortgage loan even if the applicant submits a corrected application.

Sec. 37. NAC 319.510 is hereby amended to read as follows:

319.510 1. ~~[Each]~~ ***For each*** mortgage loan which is purchased ~~[under this program must:~~

~~—(a) Be insured by the Federal Housing Administration, by private insurance, or guaranteed by the Veterans' Administration;~~

~~—(b) Be secured by a deed of trust on a single-family residence in this state; and~~

~~—(c) Meet the applicable terms and conditions of the agreement to purchase mortgages.~~

~~—2. Mortgage loans must require, to the extent allowed by any federal or state law or regulation, that:~~

~~—(a) The loan may be assumed only by an eligible borrower; and~~

~~—(b) The interest rate on the loan will be accelerated to the prevailing interest rate at the time the loan was made, or, at the option of the division; the loan will be accelerated to maturity if the borrower rents the residence to another without the consent of the division or otherwise fails to occupy the dwelling as his principal residence.~~

~~—3.] *pursuant to a program, the division will enter into a mortgage purchase agreement with a participating lending institution pursuant to which the participating lending institution agrees to sell to the division all the right, title and interest of the institution in the mortgage loan that is referenced in the mortgage purchase agreement.*~~

2. In making its decision to purchase a ~~[forward commitment]~~ mortgage loan , the division must have the financial records of the applicant *for the mortgage loan* at its disposal. The division will issue to the applicant a notice which states substantially the following:

Regarding your application for a home loan, pursuant to ~~[the]~~ *a* program of the housing division of this state, the division has examined your application file and financial records. This notice is sent to you pursuant to subsection 3 of NRS 239A.090 to notify you that the examination of your financial records has occurred and the reason for the examination. The examination ~~[reviewed]~~ *included a review of* all documents submitted with the application, including financial records, credit reports, income tax information and supporting documents.

The decision on the loan has been communicated to your lender who will communicate with you.

~~[4.— Whenever requested to do so by the division, a lending institution must submit a forward commitment mortgage loan to the division for approval before the loan is made. Loans which have not been submitted for approval as requested are originated at the risk of the lending institution.~~

~~—5.— The division will not purchase a construction or development loan.~~

~~—6.— The proceeds from the sale of existing mortgage loans must be reinvested in mortgage loans:~~

~~—(a) Secured by a deed of trust for the purchase of a single family residence by an eligible borrower;~~

~~—(b) Which have a stated maturity of not less than 25 years from the date they are made unless a shorter term is specifically requested in writing by the mortgagor;~~

~~—(c) Made pursuant to written commitments issued after the date of the notice of acceptance to the lending institution unless an exception is expressly approved in writing by the division;~~

~~—(d) Which meet all governmental and other requirements applicable to the lending institution; and~~

~~—(e) Which are not forward commitment mortgage loans.~~

~~—7.— The lending institution must regularly report the commitment and disbursement of the proceeds from the sale of existing mortgages in the manner provided by the agreement to purchase mortgages. A penalty equal to a specified percentage per month of the sum of the~~

~~uncommitted balances and any undisbursed balances of the proceeds may be assessed and collected in accordance with the provisions of the agreement.]~~

Sec. 38. NAC 319.530 is hereby amended to read as follows:

319.530 All mortgage loans purchased by the division must be serviced by *the division or* a servicer approved by the division . ~~[pursuant to a servicing agreement. The division will notify all servicers of the requirements of NAC 319.300 to 319.570, inclusive, in the servicing agreement. The servicing agreement may be amended by a bulletin issued by the division.]~~

Sec. 39. NAC 319.550 is hereby amended to read as follows:

319.550 The division may conduct *such* an examination of the books and records of each *participating* lending institution which has sold mortgage loans to the division ~~[.]~~ as the division deems necessary or appropriate to determine compliance with the provisions of chapter 319 of NRS, NAC 319.300 to ~~[319.570, inclusive, the agreement to purchase mortgages and the servicing agreement and may require each]~~ *319.560, inclusive, sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation and any mortgage purchase agreement entered into between the division and the participating lending institution. Each participating* lending institution ~~[to]~~ *shall* pay the cost of ~~[the examination.]~~ *any examination of its books and records.*

Sec. 40. NAC 319.560 is hereby amended to read as follows:

319.560 Each *mortgage purchase* agreement must require the *participating* lending institution to consent to the jurisdiction of the ~~[district courts]~~ *first judicial district court* of this state in any proceeding to enforce compliance with the provisions of chapter 319 of NRS, NAC 319.300 to ~~[319.570,]~~ *319.560, inclusive, sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of*

this regulation and the mortgage purchase agreement . ~~[to purchase mortgages, and the servicing agreement.]~~

Sec. 41. NAC 319.824 is hereby amended to read as follows:

319.824 The administrator will not purchase a loan to conserve energy to be used to make an addition to or modify a mobile home unless the mobile home meets the requirements of NAC 319.300 to ~~[319.570,]~~ *319.560*, inclusive, *and sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation* for a loan for the purchase of the mobile home.

Sec. 42. NAC 319.866 is hereby amended to read as follows:

319.866 The administrator will establish standards to determine the selling and rental prices of eligible housing and the maximum levels of income and other requirements for eligible families in accordance with the criteria established in the ~~[division's programs for loans for single family homes made]~~ *programs administered by the division* pursuant to NAC 319.300 to ~~[319.570,]~~ *319.560*, inclusive, *and sections 2 to 5, inclusive, 7, 8, 10, 11, 12, 17 and 28 of this regulation*, and loans for projects made pursuant to NAC 319.600 to 319.790, inclusive.

Sec. 43. NAC 319.340, 319.350, 319.360, 319.370, 319.380, 319.440, 319.450, 319.490, 319.520 and 319.570 are hereby repealed.

TEXT OF REPEALED SECTIONS

319.340 “Existing mortgage loan” defined. “Existing mortgage loan” means a loan secured by a deed of trust made by a lending institution for the purchase of an owner-occupied

single-family residence in the state before the date of the division's notice to a lending institution of the acceptance of its application.

319.350 "Family" defined. "Family" means a person or a group of persons consisting of, but not limited to, the head of a household and any related persons in the household who are allowable as personal exemptions for federal income tax purposes.

319.360 "Forward commitment mortgage loan" defined. "Forward commitment mortgage loan" means a loan secured by a deed of trust which is made by a lending institution to an eligible borrower for the purchase of an owner-occupied single-family residence in the state on or after the date of the division's notice of acceptance to the lending institution.

319.370 "Invitation" defined. "Invitation" means the division's current invitation to a lending institution for an application to sell a mortgage loan to the division.

319.380 "Mobile home" defined. "Mobile home" means a structure which is:

1. Transportable in one or more sections;
2. Doublewide in configuration;
3. Consists of at least 1,000 square feet as measured from the exterior walls;
4. Built on a permanent chassis;
5. Designed to be used as a dwelling with or without a permanent foundation; and
6. Connected to all required utilities including, but not limited to, plumbing, heating, and electrical systems.

319.440 "Residential use" defined. "Residential use" means primary use of a structure as the principal residence of the eligible borrower and does not include use as a recreational home or property for investment in a trade or business. Any portion of the structure designed or used

for any purpose other than as a principal residence must not exceed 15 percent of the usable area of the structure.

319.450 “Servicing agreement” defined. “Servicing agreement” means an agreement between the division and a lending institution, or its designated servicing organization as approved by the division, for the servicing of mortgage loans purchased by the division.

319.490 Notice of acceptance. The notice of acceptance to each lending institution which is selected by the division to receive an allocation of money for mortgage loans includes the following:

1. That the aggregate principal balance of mortgage loans which the division agrees to purchase from any lending institution will not exceed the aggregate for each type of loan offered for sale by the lending institution and may be in an amount less than that requested.

2. Whether mortgage loans must be delivered to the division within specific calendar quarters, by geographic area, by loans on newly constructed residences, existing residences or mobile homes, or by any combination of these factors.

3. When the notices of acceptance are mailed by the division, each lending institution is obligated to sell mortgage loans in accordance with the terms of the application, the agreement to purchase mortgages and the servicing agreement.

4. That the obligation of the division to purchase any mortgage loans is subject to the issuance and sale of bonds or other obligations of the division within the period prescribed by the application in an amount sufficient to permit the purchase.

319.520 Yield on mortgage loans.

1. Mortgage loans sold to the division must bear interest at rates, and be sold to the division at prices which in the aggregate produce a yield to the division sufficient to:

- (a) Pay interest on the related issue of the division's bonds or other obligations;
 - (b) Furnish an adequate reserve for the holders of the division's bonds or other obligations whenever necessary;
 - (c) Cover the operating costs of the division; and
 - (d) Meet or exceed the minimum yield required by the general certificate or trust indenture governing the series of bonds.
2. The yield on mortgage loans must not exceed the maximum permitted by application of the provisions of the Internal Revenue Code which are contained in 26 U.S.C. §§ 141 to 149, inclusive, and applicable regulations of the United States Treasury Department.

319.570 Determination of borrower's eligibility for loan.

1. The division determines the maximum levels of income and other requirements for eligible borrowers. In making the determinations, the division will consider:
- (a) The median income of the residents in each county in the state;
 - (b) The requirements and standards, including standards governing maximum levels of income, of applicable federal and state statutes and regulations;
 - (c) The family's verified gross income, including:
 - (1) Salary or wages;
 - (2) Income from overtime;
 - (3) Tips;
 - (4) Income from part-time employment;
 - (5) Bonuses;
 - (6) Dividends;
 - (7) Interest;

- (8) Royalties;
 - (9) Pensions;
 - (10) Compensation received from the Veterans' Administration;
 - (11) Net rental income;
 - (12) Alimony;
 - (13) Payments for child support;
 - (14) Public assistance;
 - (15) Compensation for disability;
 - (16) Payments received from social security;
 - (17) Compensation for unemployment;
 - (18) Military allowances;
 - (19) Income received from business activities or investments; and
 - (20) Income received from trusts;
- (d) Total assets available to the family, not to exceed 50 percent of the selling price of the residence which is being purchased;
- (e) Whether the family is able to obtain a mortgage loan for decent, safe and sanitary housing without the aid of the division;
- (f) The ratio of the family's expenses to its income;
- (g) Whether any member of the family is a veteran;
- (h) The size of the family;
- (i) The family's credit rating; and
- (j) The stability of the family's employment.
2. No family may obtain more than one loan through the division's program.

3. The division determines the maximum price of residences which qualify for mortgage loans under the program. In making the determination, the division will consider:

(a) The maximum loan which is allowable under current federal regulations or under private mortgage insurance; and

(b) The number, cost and condition of residences which are currently for sale.