

4900.1572 HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency may arrange to leverage urban Indian housing loan program funds, interest free, with other funds from the agency or another private or public source in order to reduce the interest rate on individual mortgage loans to affordable levels. A maximum of 30 percent of the total financing provided for each individual mortgage may be provided from urban Indian housing loan program funds. The mortgage note or coupon rate is established for each individual mortgage loan in the following manner:

Y_s = Interest rate for the independent funding source

S = Funding source's percentage of total mortgage loan

I = Urban Indian program's percentage of total mortgage loan

S/F = Servicing fee

$(Y_s \times S) + (I \times S/F)$ = note or coupon rate

Examples of sources of funds that may be leveraged with urban Indian program funds include, but are not limited to, proceeds from agency mortgage revenue bond sales, proceeds from municipal or county mortgage revenue bond sales, mortgage commitments from private mortgage lenders or secondary mortgage market organizations, or mortgage commitments from nonprofit, public, or governmental sources. In cases in which mortgage revenue bond proceeds are used, all requirements or restrictions imposed on the use by the bond issuer, except as may be specifically modified by the issuer to facilitate the purpose of the urban Indian housing program, must be in full force and effect and complied with. In cases in which sources of funds are provided from other than mortgage revenue bond proceeds, the following requirements or restrictions are also imposed unless specifically waived by the commissioner or agency.

A. Recipients may not have had an ownership interest in a principal residence for three years directly before the date of mortgage loan closing as provided in Internal Revenue Code, section 103A.

B. Recipients must intend to occupy the property as a principal residence within 60 days of loan closing.

C. Both recipients and properties to be mortgaged must meet mortgage industry underwriting standards pertaining to the type of mortgage being provided, for example, FHA, VA, or conventional mortgage.

The agency shall establish a maximum purchase price limitation for homes to be financed under this part that in no instance may exceed the amount provided under the agency's mortgage revenue bond programs.

Statutory Authority: *MS s 462A.06*

History: *12 SR 2215*

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