

**RULES
OF
TENNESSEE HOUSING DEVELOPMENT AGENCY**

**CHAPTER 0770—4—2
HOMEOWNERSHIP PROGRAM**

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0770—4—2—.01 DEFINITIONS.

- (1) *Home.* A fee simple or eligible leasehold interest in an owner occupied dwelling which is located in the State of Tennessee, County of Shelby. It shall include a one family unit in a condominium multi-family project together with an individual interest in the common elements and limited common elements in such condominium project.
- (2) *Existing Building.* A newly-constructed or previously occupied home.
- (3) *Leasehold Interest.* A leasehold under a lease the original terms of which is for a period longer than 15 years and has a remaining term at least 17 years longer than the repayment period of the loan.
- (4) *Common Elements.* Those common elements described in the Master Deed of a condominium project duly constituted pursuant to the Horizontal Property Act of the State of Tennessee.
- (5) *Limited Common Elements.* Those limited common elements described in the Master Deed of a condominium project duly constituted pursuant to the Horizontal Property Act of the State of Tennessee.
- (6) *Maturity.* The date on which the mortgage indebtedness would be liquidated if paid in accordance with periodic payments provided for in the loan documents.
- (7) *Insured Mortgage.* Security for a loan, which constitutes a first lien on a fee interest or eligible leasehold interest in a home, the sufficiency of which security is insured by a policy of insurance or guaranty written by a qualified insurer. The term mortgage shall include a deed of trust.

For the purposes of this program and these regulations an insured mortgage shall also mean security for a loan, which security constitutes a first lien on a fee interest or eligible leasehold interest on a home in which the borrower owns, or is "prepared to own by use of cash down payment" at least 25% equity in the property based on its appraisal value or the sale price, whichever is the lesser amount.

(Rule 0770—4—2—.01, continued)

- (8) *Qualified Insurer.* Any public or private entity qualified to insure the sufficiency of or to guarantee mortgages in Tennessee and approved by the Agency. The Executive Director will review and certify from time to time those entities who meet the requirements of being a “qualified insurer”.
- (9) *Mortgagor.* The original borrower under a mortgage and the heirs, executors, administrators and assigns.
- (10) *Owner.* The owner of a fully marketable title. Also, the holder of a life estate having the usual rights of present possession, control and beneficial use of the property. A remainderman is not an owner.
- (11) *Originating Agent.* A qualified lender, as defined, in *T.C.A* §13—23—103 (4), which either is an FHA or VA approved mortgagee or supervised by a state or federal regulatory body, and which has entered into a working Agreement to originate and process Homeownership Loans for the Agency.
- (12) *Eligible Servicer.* An Eligible Servicer is any financial institution which is an FHA or VA approved mortgagee, or an approved Seller-Servicer of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and which is located and authorized to do business in the State of Tennessee and which is approved by the Agency.

Authority: *Public Acts of 1986, Chapter 510. Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.02 ELIGIBLE MORTGAGORS.

- (1) To be eligible for a home mortgage from the Revolving Loan Fund, each applicant must meet all of the following requirements:
 - (a) Be a resident of the state on the date of application and be a low and moderate income citizen.
 - (b) Be a purchaser who will use the home to be purchased for personal or family residence.
 - (c) Have a gross annual household income of such amount that the applicant may not reasonable secure a mortgage at existing THDA rates.
 - (d) Have gross assets of such amount that the applicant may reasonably be considered a person of low and moderate income as contemplated in the Act;
 - (e) Possess the legal capacity to incur the obligations of the loan.
 - (f) Be able to qualify for a underlying mortgage.

Authority: *Public Acts of 1986, Chapter 510. Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.03 ELIGIBLE PROPERTIES.

- (1) In order to be subject to a mortgage made to secure a loan under this program, a home must meet the following requirements:
 - (a) Be located in the State of Tennessee.
 - (b) Be situated on real estate held or to be held by the mortgagor in fee simple or under an eligible leasehold interest.

(Rule 0770—4—2—.03, continued)

- (c) Be structurally sound and functionally adequate and comply with the property standards established by the Agency and when applicable, the qualified insurer, and meet all controlling minimum building and housing codes.
- (d) Be designed principally for residential use and located in an area consistent with such use.
- (e) Be appraised pursuant to rule 0770—4—2—.09 of these regulations.

Authority: *Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.*

0770—4—2—.04 LOAN PURPOSES. A loan may be made to any eligible applicant for the purposes of:

- (1) Financing a home constructed for use as the personal or family permanent residence of the applicant.
- (2) Purchasing an existing building to be used as the personal or family permanent residence of the applicant.
- (3) Purchasing an existing building which has been substantially rehabilitated by the owner of such substantially rehabilitated property or by any third party or business entity.
 - (a) The owner of property may obtain a loan for the purposes of substantially rehabilitating said property provided that the requirements incident to the sale of bonds and notes of the agency are complied with if applicable.

Authority: *Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.*

0770—4—2—.05 MORTGAGES.

- (1) *Mortgage Form.* The mortgage shall be executed on a form approved by the Agency. It shall be a first lien on the property, be consistent with Tennessee law, and conform with the standards prescribed by the Agency, and by the qualified insurer when applicable subject to the following:
 - (a) When loans are funded in cases where Agency bond proceeds are used, all respective portions of the loan shall be forwarded to the Agency or its closing agent. The Agency thereafter shall make a loan secured by a first mortgage. The first mortgage shall be evidenced by a deed of trust and a note. The note shall list, at the bottom of said note, the names of the participants and the respective amounts of their contributions. All money loaned at 0 (zero) percent interest shall be repaid in equal installments over the term of the loan.
 - (b) When loans are funded, in cases where Agency bond proceeds are not used, the private lender will make a first mortgage. The first mortgage shall be evidenced by a deed of trust and a note. The note shall list at the bottom of said note the names of the participants and the respective amounts of their contributions. All money loaned at 0 (zero) percent interest shall be repaid in equal installments over the term of the loan.
- (2) *Mortgage Provisions.* The approved mortgage form shall provide the following:
 - (a) *Late charge.* The mortgage may provide for the collection by the Agency or its servicing agent a late charge, not to exceed 4 cents for each dollar of each monthly payment more than 15 days past the due date, to cover the extra expenses involved in handling the delinquent payment.
 - (b) *Servicing Fee.* After computation of principal, interest and escrow payments, the loan payment shall be increased by a reasonable fee sufficient to cover the cost of servicing the loan.

(Rule 0770—4—2—.05, continued)

(c) Application of Payment. All monthly payments to be made by the mortgagor to the Agency or its servicing agent shall be added together and the entire aggregate amount thereof shall be paid by the mortgagor each month in a single payment. The Agency or its servicing agent shall apply the aggregate payment to the following items in the order set forth:

1. Taxes, special assessments, and property insurance premiums
2. Interest on the mortgage loan
3. Amortization of the principal of the loan.

Any deficiency in the amount of any aggregate monthly payment shall, unless made good by the mortgagor prior to, or on, the due date of the next aggregate payment, constitute a default under the mortgage.

(d) Escrow Payments. In addition to the payment of the principal and interest, the borrower shall pay a one-twelfth (1/12) pro rate share of the annual real estate taxes, hazard insurance, and any other items the Agency deems appropriate. These payments shall be deposited in federally-insured depositories or in such other depositories insured by a deposit insurer approved by the Tennessee Commissioner of Insurance.

(e) Prepayment Penalty. The agency may establish a prepayment penalty which it deems satisfactory to protect the Agency's financial obligations with respect to such principal prepayments pursuant to the Agency's contractual arrangements with the purchasers and holders of its notes or bonds; provided, however, that any prepayment penalty shall not be greater than the maximum amount provided therefore in the Agency's mortgage loan commitment as to such housing unit.

(f) Mortgage Insurance. Each mortgage shall provide that the mortgagor will furnish and continually maintain and pay for insurance or other guaranty on the mortgage. Such insurance or guaranty shall be written by qualified insurers as defined in these regulations, in amounts and on terms and conditions satisfactory to the Agency and must be maintained until the loan is repaid, or until such other time as may be stipulated by the Agency. This requirement shall not apply to those qualified mortgagors who make a cash down payment of 25% or more in equity of the property based on its appraisal value or the sales price, which ever is the lesser amount.

(g) Property Insurance. Each mortgage shall provide that the mortgagor will furnish and continually maintain and pay for property insurance on the home. Such insurance shall be written by companies, in amounts and on terms and conditions satisfactory to the Agency and the applicable insurer, and must be maintained until the loan is repaid. Pro rata payments to keep the property insurance in force will be paid into an escrow account.

(h) The Agency may require an acceleration clause in the mortgage to become effective if the mortgagor ceases to use the residence as his or her principal residence. For purposes of this rule if the owner leases the residence it shall not longer be deemed to be used as a principal residence, except where the owner is still residing therein.

(i) Additional Provisions. Such additional provisions necessary to protect the interest of the Agency may be included in its Rules of Practice by the Agency from time to time.

Authority: Public Acts of 1986, Chapter 510. **Administrative History:** Original rule filed June 25, 1986; effective July 25, 1986. Amendment filed December 14, 1987; effective January 29, 1988.

0770—4—2—.06 MORTGAGOR'S MINIMUM INVESTMENT.

- (1) At the time the mortgage loan is made, the mortgagor or the seller shall have paid on the account of the home, the difference between the total cost of acquisition and the amount of the mortgage loan in cash or its equivalent.
- (2) The total cost of acquisition shall include the purchase price of the home, all settlement costs, including initial payments for taxes, property insurance, closing costs and other prepaid expenses and such other charges and fees as are approved by the Agency.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.07 MORTGAGE TERMS.

- (1) *Interest rate.* The combined interest rate shall not be less than 3% nor more than 1% below the interest rate on the current THDA single family financing.
- (2) *Maturity.* Each mortgage will be scheduled for repayment with the shortest period consistent with the ability of the borrower to pay the required principal and interest on the mortgage and other attendant expenses, but in no case shall it have a maturity which is greater than 30 years. In addition, no mortgage shall have a maturity in excess of ninety percent of the estimated remaining economic life of the property.
- (3) *Payments.* The mortgage shall provide that payments will be due on the first of each month. Payments to principal shall commence on the first day of the second month following the date of settlement of the mortgage loan.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.08 APPLICATION.

- (1) *Form of Application.* All loan applications shall be made upon a standard form prescribed by the Agency, and shall be submitted to an eligible Agency. If no eligible Agency exists in the applicant's county of residence, or no eligible Agency is willing to submit the applicant's application, the applicant may submit the application directly to the Agency.
- (2) *Application fee.* The applicant shall pay an application fee of \$10.00 at the time of the application.
- (3) *Required Documentation.*
 - (a) Each application must be accompanied by a statement verifying employment, and a statement of the applicant's total assets. Where the applicant head of a household is retired, a sworn statement of gross annual income for the preceding year along with a statement of the applicant's total assets shall be included. These statements will be made and sworn to upon a standard form prescribed by the Agency.
 - (b) The originating agency shall obtain a copy of the contract of sale, specifying the property to be financed, and make inspections of the property and credit reviews which will indicate such things as the applicant's place of employment, banking relationships and trade credit. The originating agent shall also verify the necessary documents and obtain an affidavit which shall contain the following:

(Rule 0770—4—2—.08, continued)

1. that such mortgagor will use the residence financed by the mortgage loan of the agency as his permanent and principal residence as soon as possible following delivery of the mortgage loan,
2. that such mortgagor agrees not to rent the residence so purchased, and
3. that the residence is located within the State of Tennessee.

(c) Additional Documents. The Agency or a qualified insurer may require the applicant to provide such other documentation needed to establish the eligibility and credit worthiness of the application.

Authority: *Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.*

0770—4—2—.09 APPRAISAL.

- (1) *Appraisal Fee.* The applicant shall pay to the agency or its agent, an appraisal fee in an amount equal to the anticipated cost of the appraisal. The fee shall be paid upon requesting the appraisal.
- (2) *Form.* All appraisals shall be submitted in a form and manner acceptable to the Agency or its agent and an applicable qualified insurer.
- (3) *Appraisal standards.* The agency shall provide appraisal standards to be followed in the determination of the acceptability and value of the property. The standards shall reflect minimum property standards established by the Agency pursuant to these regulations and shall be consistent with those standards generally acceptable to the various qualified insurers.
- (4) *Approved Appraisers.* All homes will be appraised prior to loan approval by an approved appraiser. The Agency may designate as an approved appraiser any individual who is an employee of the Agency authorized to appraise homes, or an independent contract appraiser, and who has appraisal experience and background acceptable to the Agency. An appraiser shall be designated APPROVED prior to the submission of the appraisal.

Authority: *Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.*

0770—4—2—.10 LOAN APPROVAL.

- (1) Loans using THDA bond proceeds shall be approved with requisite documentation in the manner provided in the rules governing the THDA single family program.
- (2) Loans using funds from a private lender shall provide the documentation required in this rule. If the mortgage is being made by a private lender, the Agency shall consider the loan approved if the lender has issued a commitment and has provided the necessary documentation in support of the commitment. When the necessary documentation has been forwarded and the agency has verified that the program requirements have been met, the Agency shall request that a check be issued for the State funded portion of the loan. The necessary documentation shall be as follows:

Loan Application

Employment Verification(s)

Prior Employment Verification(s)

(Rule 0770—4—2—.10, continued)

Non-Discrimination Certification

Credit Report

Appraisal Report, CRV or Conditional Commitment

Photographs of Security

Deposit Verification(s)

Sales Contract

Commitment of Mortgage Ins./Guaranty

Financial Statement (if self employed)

Profit or Loss Statement/Balance Sheet (if self employed)

Business Credit Report (if self employed)

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.11 LOAN CLOSING.

- (1) Loans using THDA bond proceeds shall be approved with requisite documentation in the manner provided in the rules governing the THDA single family program.
- (2) Loans using funds from private lenders shall provide documents under this rule. Following the loan closing, the administrator must send THDA copies of the following documents:
 - (a) Note
 - (b) Deed of Trust
 - (c) Survey
 - (d) Evidence of satisfaction of THDA Approval Commitment contingencies (if applicable)
 - (e) Check for any prepaid interest
 - (f) Certification or evidence of hazard insurance (copy of face of policy)
 - (g) Certification of loan disbursement (VA—26—1876)
 - (h) Title Insurance Policy or Final Title Opinion
 - (i) Mortgage Insurance/Guaranty Certificate
 - (j) Escrow check if Originating Agency does not perform servicing functions.

(Rule 0770—4—2—.11, continued)

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.12 ORIGINATOR AND SERVICER. Notwithstanding any other provision of these rules to the contrary, all loans shall be originated and serviced by an originating agent and eligible servicer as defined in rules 0770—4—2—.01 (11) and 0770—4—2—.01 (12).

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.13 DEFAULT UNDER MORTGAGE. Mortgage held as security for loans made under these regulations which are in default may be foreclosed by the Agency or lender according to the terms of the deed of trust by advertisement and public sale as for foreclosures in private transactions or in the manner as provided by law. The Agency or lender is authorized to take title in its name upon foreclosure and to subsequently convey title to such property to bonafide purchasers thereof.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.14 (RESERVED).

0770—4—2—.15 ADVANCE CONDITIONAL COMMITMENTS. To stimulate the development, construction, and sale of low and moderate income housing, the Executive Director may issue advance conditional commitments to make mortgage loans to qualified mortgagors upon completion by a qualified sponsor, developer, or builder of homes upon completion by a qualified sponsor, developer, or builder of homes which meet the criteria of these rules and the accompanying Rules of Practice, whether or not construction costs are financed by an Agency mortgage loan; provided that individual mortgage applicants for the commitments herein reserved meet the requirements of rule 0770—4—2—.02 and associated underwriting criteria. This does not prohibit advance commitments by private lenders.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.16 FEDERAL PROGRAMS. Whenever possible, the Agency will cooperate with federal agencies to utilize all existing resources available for the production of housing in the state.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.17 SERVICING AGREEMENTS. In the case of each loan submitted to the Agency by an Originating Agent and approved by the Executive Director, the Executive Director will offer a contract for servicing the loan (Servicing Agreement) to such firm, provided the Originating Agent is an Eligible Servicer, on terms and conditions satisfactory to the Agency. Should the Originating Agent decline to enter into such Servicing Agreement, the Executive Director will have the option to either enter into a Servicing Agreement with another Eligible Servicer or perform the servicing of the loan by the Agency.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.18 AMENDMENTS. These regulations may be amended by the Agency at any time and from time to time, in whole or in part as provided by law, but such amendments shall not adversely affect the interest of mortgagors under existing mortgages.

Authority: Public Acts of 1986, Chapter 510. *Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.19 RESERVED.

Authority: Public Acts of 1986, Chapter 510. *Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.20 DEPOSITS AND INTEREST.

- (1) *Funding.* Funding from state portion will be provided as loans are made. Upon receipt of a request for funding for each loan, THDA shall, after review and approval of the loan, request that a warrant be drawn to fund the state portion of the loan. The warrant shall be forwarded to the administering county and shall be made payable to the borrower and to the closing agent. THDA may provide the initial funding from its account and subsequently be reimbursed from the state portion.
- (2) *Deposits and Repayments of Loans made pursuant to the Program.* Pursuant to T.C.A. 13—23—309, any repayment of a loan made pursuant to this program shall be divided into a state and local share in the same proportion as the source of money used to fund the loan. The administering county shall designate in writing the name of the financial institution into which both state and local shares of the repayments are to be deposited. The administering county shall provide evidence of their account for the local share of the funds. Thereafter, the state shall designate an account in the same financial institution for the state share. Upon receipt of the repayments, the administering county or the servicer shall deposit the local share into the local account and the state share into the state account. This rule applies to funds appropriated pursuant to Public Chapters 510 and 511, Acts 1986. The local government or the servicers shall forward the deposit receipt for the state share so deposited to THDA. The local government shall forward a copy of the deposit receipt for the local deposit to THDA.
- (3) *Accounts and Interests.* The account established pursuant to subsection 2 above for deposit of the local share of repayments shall be in an interest bearing account. The state shall establish a separate account within the state treasury designated as the Homebuyers Revolving Loan Fund Program Account which shall be managed in accordance with T.C.A. §9—4—603. All funds belonging to this account shall remain with the program for its statutory purposes. THDA shall administer the Revolving Loan Fund Program account and shall maintain separate accounting records on such accounts. Loans made from the repayments and the interest thereon shall be funded by checks or warrants payable on the respective accounts. THDA, after review and approval of the loan requests to be funded from repayment of previous loans, shall make a check payable to the closing agent and the borrower from the state account in the same manner as provided in subsection 1.

Authority: Public Acts of 1986, Chapter 510. T.C.A. §13—23—301 et seq. *Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986. Amendment filed December 14, 1987; effective January 29, 1988.

0770—4—2—.21 REHABILITATION OBJECTIVES. It is the objective and goal of the program that 35% of all loans made shall be for the purposes of substantial rehabilitation.

Authority: Public Acts of 1986, Chapter 510. *Administrative History:* Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.22 ALLOCATION OF REPAYMENTS. The servicing agent shall allocate the respective portions of the various sources. The recipients of repayment shall have the responsibility of complying with the provisions on investment of repayments as set forth in the Act.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.23 SALES PRICE LIMITS. In no event shall the sales price limit for new construction or the value after substantial rehabilitation exceed \$45,000.00 (forty-five thousand dollars). Such limits may be modified from time to time by the Board of Directors provided that the County Commission shall have first passed a resolution requesting such action. A local government administering its own program may allow for a 10% adjustment in locally designated target areas.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.24 INCOME LIMITS. The applicant/borrower’s gross income at the time of the application shall not exceed the following:

Family Size	Up to 4	Up to 8
Income Limit	24,000.00	30,000.00

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.25 REPORTING REQUIREMENTS. Originators and Servicers of loans under this program shall provide a monthly report to the Agency no later than the 15th of the month for all loans and funds relative to business conducted in the preceeding month in a form satisfactory to the Agency.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.26 LOCAL PARTICIPATION.

- (1) Any county desiring to participate in the loan pool shall appropriate reserve or dedicate revenues to fund its respective local portion prior its acceptance by THDA to participate in the loan fund pool created by this Act.
- (2) A county which desires to participate in the loan fund pool established by the Act, or subsequent legislation providing for such participation, shall file with THDA, within 90 days following the effective of such legislation, its intent to participate and the extent of its financial participation.
- (3) The notice and extent of financial participation shall be by letter from the Executive or chief elected official of such county and shall have attached evidence of such county's action. The evidence shall indicate that the county has taken the necessary action as required in that county to appropriate, reserve or dedicate revenues, i.e., resolution, budget, etc. The letter shall certify that the action taken was the appropriate action.

Any notice received prior to promulgation of these regulations shall be considered as notice sufficient to meet the requirements of these regulations provided that supporting documentation is provided prior to the effective date of these regulations.

- (4) THDA shall accept only one application to establish a loan fund per county. The notice shall be considered the application.
- (5) In the absence of an application by any county, an incorporated municipality located within such county may file an individual or, with other municipalities in the county, a joint application, but with such county's sponsorship.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.27 TERMINATION OF PARTICIPATION. Any county may opt to terminate its participation in the loan fund pool by giving at least (3) months notice to THDA prior to the expiration of any twelve (12) month term of operation of the loan fund pool. Any such termination shall be without prejudice as regards participation of such terminating county in any subsequent twelve (12) month term of the loan fund pool. However, such terminating county's allocation of interest earnings on repayments shall revert to the loan fund pool and shall be utilized for the purposes described in the Act. Acceptance of any new application by such terminating county during any subsequent twelve (12) month term of operation of the loan fund pool shall not be deemed to be a forgiveness of the interest forfeiture mandated by this rule.

Authority: Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.

0770—4—2—.28 LOCAL ADMINISTRATION

- (1) Any county may administer its own program under the provisions of this act with THDA oversight. Such administration may be effectuated through a contract between THDA and the county. Such counties may administer its own program under program rules approved by THDA pursuant to rule 0770—4—1—.09.

(Rule 0770—4—2—.28, continued)

- (2) The local government by resolution may waive or vary any provisions of their rules and regulations provided they do not violate the Act or rule 0770—4—1—.10 and such waiver is first passed by resolution of the local governing body subject to the following:
 - (a) to conform to the requirements of the Federal government in connection with any housing unit with respect to which Federal assistance is sought, or
 - (b) due to exceptional circumstances if, in the determination of the local government, the application thereof to a specific case or under an emergency situation may result in undue hardships.

Authority: *Public Acts of 1986, Chapter 510. Administrative History: Original rule filed June 25, 1986; effective July 25, 1986.*