

**1651.0061 APPLICATION PROCESS AND OFFER OF PARTICIPATION.**

Subpart 1. **Request for a first mortgage loan.** A sponsoring seller and an applicant must jointly present an initial proposal to an approved lender. The proposal must include a signed and dated purchase agreement and a completed seller-sponsor's loan commitment form evidencing the seller's intent to make a loan to the applicant and agreeing to subordinate their financing as required under the program.

Subp. 2. **Lender determination.** The lender shall review the proposal and determine the creditworthiness of the applicant and the value of the collateral to be used to secure the loan. If the lender agrees to make a first mortgage loan to the applicant, the lender and the applicant shall jointly prepare an application and the required loan documents described in the application and master participation agreement. Financial statements must be dated within 120 days of the application.

Subp. 3. **Offer.** The lender, as the originator of the first mortgage loan, shall present the application and loan documents to the RFA. Presentation of the documents constitutes an offer to sell a participation interest in the loan.

**Statutory Authority:** *MS s 41B.07; 41C.13*

**History:** *20 SR 2251(NO. 42); 30 SR 372*

**Published Electronically:** *October 26, 2005*