

(3) SET THE PRINCIPAL AMOUNTS AND MATURITIES OF THE LOANS, ENFORCE THEM ACCORDING TO THEIR TERMS, AND EXECUTE ALL NECESSARY AND CONVENIENT DOCUMENTS;

(4) FORECLOSE MORTGAGES, TAKE TITLE TO FORECLOSED PROPERTIES, CONVEY TITLE TO PURCHASERS, OBTAIN AND ENFORCE DEFICIENCY JUDGMENTS, PERMIT ASSUMPTION OF MORTGAGES IF THE TRANSFEREE WOULD QUALIFY AS AN ORIGINAL BORROWER, AND CONTRACT WITH PRIVATE MORTGAGE SERVICERS TO PERFORM FUNCTIONS ORDINARILY PERFORMED BY THEM, INCLUDING FORECLOSURES AND THE EMPLOYMENT OF COUNSEL BY THE SERVICERS;

(5) CAUSE MORTGAGES TO BE INSURED BY FEDERAL, STATE, OR PRIVATE INSTRUMENTALITIES AT THE EXPENSE OF THE MORTGAGORS, IF SUCH INSURANCE IS AVAILABLE AND WOULD FURTHER THE OBJECTIVES OF THE PROGRAM;

(6) REQUIRE AND OBTAIN APPRAISALS, CREDIT INFORMATION, AND OTHER INFORMATION NECESSARY OR DESIRABLE TO MAKE SOUND LOANS AND TO ADOPT REASONABLE MINIMUM REQUIREMENTS OF CREDIT WORTHINESS AND SECURITY;

(7) CONTRACT FOR SERVICES RELATING TO ANY ASPECT OF THE OPERATION OF THE PROGRAM IN ACCORDANCE WITH PROCEDURES REQUIRED BY LAW FOR STATE CONTRACTS; AND

(8) ADOPT AND AMEND FROM TIME TO TIME, IN ACCORDANCE WITH STATUTORY REQUIREMENTS, REGULATIONS GOVERNING ALL ASPECTS OF THE OPERATION OF THE PROGRAM.

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(A) A LOAN MADE UNDER THIS SUBHEADING SHALL BE SECURED BY A SECOND MORTGAGE ON THE PROPERTY IMPROVED.

(B) TO BE ELIGIBLE FOR A LOAN, AN APPLICANT SHALL:

(1) BE A RESIDENT OF THIS STATE; AND

(2) BE UNABLE TO FINANCE THE PURCHASE.

(C) TO ENFORCE THE REQUIREMENT IN SUBSECTION (B)(2) OF THIS SECTION, THE SECRETARY SHALL:

(1) ESTABLISH AN UPPER INCOME LIMIT, A DEFINITION OF "INCOME", AND A DIFFERENTIAL BASED ON INCOME STATISTICS FOR GEOGRAPHICAL AREAS OF THE STATE;

(2) CONSIDER AND WEIGH SECONDARY SOURCES OF INCOME, DEPENDENT ALLOWANCES, AND OTHER RESOURCES AVAILABLE TO THE APPLICANT WHICH MAY BE USED TO ASSIST IN FINANCING THE PURCHASE;