



Bankers Advisory

COMPLIANCE MONITOR

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Iowa Updates HOME Program and Military Home Ownership Assistance

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HOME Investment Partnerships Program and Military Service Member Home Ownership Assistance Program

Iowa has recently updated the HOME Investment Partnerships Program to clarify certain rules. Also, Iowa adopted the Military Service Member Home Ownership Assistance Program to implement Iowa Code sections 16.5(1)"r" and 16.54. The purpose of these programs is to aid low income households and eligible members of the armed forces to rent or purchase qualified homes in Iowa.

HOME Investment Partnerships Program

Item 1:

The primary purpose of the HOME Investment Partnerships Program is to fund a wide range of activities that build, buy, or rehabilitate affordable housing, or to provide direct rental assistance to low-income households.

Item 5:

Eligible activities include transitional housing, tenant-based rental assistance, rental housing rehabilitation, rental housing new construction, homebuyer assistance that includes direct subsidies to homebuyers and other housing related activities. For homebuyer assistance, the initial purchase price for new constructions or the after-rehabilitation value shall not exceed the single-family housing mortgage limits set forth by HUD.

Assisted units shall meet the required period of affordability. For rental projects, all assisted units must be rented to low-income households-initially 90% of the units shall be occupied by households with incomes below 60% the area's median family income. For projects with five or more units, at least 20% of the units must be rented to low-income households. All new rental construction must obtain an Energy Star certification.

Item 6:

An application for homebuyer assistance must stipulate that assistance is only provided for first-time homebuyers or qualified veterans, and that assisted unit must remain the assisted homebuyer's principal residence. If the assisted homebuyer fails to maintain the property as their principal residence, all HOME funds must be repaid to the Iowa Finance Authority.

Item 7:

Special consideration will be given to projects where 100% of rentals units are fully accessible.

Item 8:

Any single reward will be limited to \$600,000 for a single family household and \$1,000,000 for rental projects and/or tenant-based rental assistance. The maximum per-unit subsidy for all single-family housing rehabilitation is \$37,500. All rehabilitation hard costs are limited to \$24,999, and all technical services costs (including lead hazard reduction) are limited to \$4,500 per unit. Acquisition assistance for single-family housing (mortgage buy-down, down payment and closing costs assistance) is limited to \$35,000 per unit, all costs inclusive.

Military Service Member Home Ownership Assistance Program

Prior Approval: Prior approval from the Iowa Finance Authority is required before the purchase of a qualified home, whether acquisition is by cash purchase or mortgage financing. Approval requires submission of an application, review of any supporting documentation by the authority, and a determination of the service member's eligibility by Iowa's Department of Veterans Affairs.

Financed Home Purchases: If an eligible service member purchases a qualified home by financing the property, the service member must apply for assistance under the program through a participating lender or a lender approved to facilitate MHOA assistance. If the service member qualifies, the mortgage financing shall be one of the authority's home buyer mortgage programs. However, an eligible service member may utilize a mortgage loan from an approved lender that is not one of the authority's home buyer mortgage programs if such mortgage loan has an APR that is at least 25 basis points lower than the most nearly equivalent loan offered by participating lenders on the same date. If the service member fails to qualify for one of the authority's home buyer mortgage programs, they may seek another permanent, fully amortizing mortgage product.

The eligible service member shall provide the following to the authority to apply for military assistance:

1. Duty-status documentation
2. Bona fide purchase agreement, including any attachments and addenda
3. A complete 1003 application form
4. A copy of government ID
5. A copy of appraisal
6. Primary residence occupancy documentation

Cash Home Purchases: If an eligible service member purchases a qualified home with cash, the service member shall apply directly to the authority.

Referral of Status Documentation to Iowa Department of Veterans Affairs: The IA Department of VA shall stand as the final authority as to a service member applicant's duty-status as an eligible service member.

Gaps in Funding: Should there be no available military assistance funds; MHOA requests for approval shall be placed on a waiting list. When funds become available, provided all other criteria are met, the proceeds shall be paid directly to the participating lender for mortgage financing and directly to the service member for cash purchases.

Approval Process for Facilitating Lender Status: An Iowa-regulated or federally regulated lender with a physical location within the state may submit an application to the authority to obtain status as a facilitating lender, even if such lender does not participate in the authority's home ownership programs for home buyers. The approval to be a facilitating lender shall be valid for one year, with annual resubmission. The application fees associated with applying to become a facilitating lender cannot be charged to the servicer member or property seller.

MHOA Award: Awarded assistance shall be up to \$5,000 toward the down payment and closing costs associated with the purchase of a qualified home. Any proceeds that are not used to cover closing costs and the down payment must be returned to the authority.

MHOA Reimbursement: The lender or cash payment home buyer shall submit to the authority, within 30 days of closing, a copy of the HUD-1, a copy of the deed, a copy of the title guaranty certificate, and the military grant agreement and certification for reimbursement for the amount of the assistance. Should mortgage financing not be one of the authority's home buyer programs, reimbursement documentation shall include: a copy of the promissory note, mortgage, and final TIL disclosure.

MHOA Assistance Restrictions and Limitations: All assistance is subject to funding availability and awarded in the order in which completed MHOA applications are received. Only one award per home purchase and an eligible service member may only receive one award under the program. Awards shall be valid for 60 days for existing or completed properties; 120 days for construction or renovation projects. Reasonable extensions may be granted when delays arise that are outside the service members control.

Income, Purchase Price and Qualified Mortgage: There are no income or purchase price limits for service members purchasing with one of the authority's home buyer mortgage financing programs. Ineligible service members not purchasing on a cash basis must use other permanent mortgages made by the lender.



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