

3     **219.23 "Soldier" includes air force.** Wherever the word "soldier  
4 *veteran*" appears in this chapter, it shall include, without limitation,  
5 the members of the United States air force.

1     SEC. 5. Section one hundred twenty-three point twenty-nine  
2 (123.29), subsection two (2), Code 1975, is amended to read as follows:

3     2. To a ~~soldiers~~ *veterans* home, sanitarium, hospital, college, or  
4 home for the aged which will entitle the holder to purchase and import  
5 alcohol from distillers and wholesalers or from the state liquor stores  
6 for use for medicinal, laboratory, and scientific purposes only.

1     SEC. 6. Section two hundred eighteen point nine (218.9), unnum-  
2 bered paragraph three (3), Code 1975, is amended to read as follows:

3     The director of the division of child and family services of the de-  
4 partment of social services, subject to the approval of the commissioner  
5 of such department shall appoint the superintendents of ~~The Iowa An-~~  
6 ~~nie Wittenmyer Home~~, the juvenile home, the training school for boys,  
7 the training school for girls and the commandant of the ~~soldiers veter-~~  
8 ~~ans~~ home.

Approved May 15, 1975

## CHAPTER 138

### IOWA HOUSING FINANCE AUTHORITY

#### H. F. 823

AN ACT establishing the Iowa housing finance authority, prescribing its powers and duties, providing for related tax and other exemptions and appropriations, and providing coordinating amendments related to implementation of the authority's programs.

*Be It Enacted by the General Assembly of the State of Iowa:*

1     SECTION 1. NEW SECTION. **Definitions.** As used in this Act, un-  
2 less the context otherwise requires:

3     1. "Authority" means the Iowa housing finance authority estab-  
4 lished in section two (2) of this Act.

5     2. "Low or moderate income families" means families who cannot  
6 afford to pay enough to cause private enterprise in their locality to  
7 build an adequate supply of decent, safe, and sanitary dwellings for  
8 their use, and includes, but is not limited to, elderly families, families  
9 in which one or more persons are handicapped or disabled, lower in-  
10 come families and very low-income families.

11     3. "Lower income families" means families whose incomes do not ex-  
12 ceed eighty percent of the median income for the area with adjust-  
13 ments for the size of the family or other adjustments necessary due to  
14 unusual prevailing conditions in the area, and includes, but is not lim-  
15 ited to, very low-income families.

16     4. "Very low-income families" means families whose incomes do not  
17 exceed fifty percent of the median income for the area, with adjust-  
18 ments for the size of the family or other adjustments necessary due to  
19 unusual prevailing conditions in the area.

20     5. "Elderly families" means families of low or moderate income  
21 where the head of the household or his or her spouse is at least sixty-  
22 two years of age or older, or the surviving member of any such tenant  
23 family.

24     6. a. "Families" includes but is not limited to families consisting of  
25 a single person in the case of a person who is at least sixty-two years of

26 age, is disabled, is handicapped, is displaced, or is the remaining mem-  
27 ber of a tenant family.

28 b. "Families" includes but is not limited to two or more persons liv-  
29 ing together who are at least sixty-two years of age, are disabled, or  
30 are handicapped, or one or more such individuals living with another  
31 person who is essential to such individual's care or well-being.

32 7. "Disabled" means unable to engage in any substantial gainful ac-  
33 tivity by reason of a medically determinable physical or mental im-  
34 pairment.

35 8. "Handicapped" means having a physical or mental impairment  
36 which is expected to be of long-continued and indefinite duration, sub-  
37 stantially impedes the ability to live independently, and is of a nature  
38 that the ability to live independently could be improved by more suit-  
39 able housing conditions.

40 9. "Displaced" means displaced by governmental action, or by hav-  
41 ing one's dwelling extensively damaged or destroyed as a result of a  
42 disaster.

43 10. "Income" means income from all sources of each member of the  
44 household, with appropriate exceptions and exemptions reasonably re-  
45 lated to an equitable determination of the family's available income,  
46 as established by rule of the authority.

47 11. a. "Housing" means single-family and multi-family dwellings,  
48 and facilities incidental or appurtenant to the dwellings, and includes  
49 noninstitutional residential care facilities.

50 b. "Adequate housing" means housing which meets minimum struc-  
51 tural, heating, lighting, ventilation, sanitary, occupancy and mainte-  
52 nance standards compatible with applicable building and housing  
53 codes, as determined under rules of the authority.

54 12. "Noninstitutional residential care facility" means any facility  
55 providing for a period exceeding twenty-four consecutive hours accom-  
56 modation, board, personal assistance and other essential daily living  
57 activities to three or more individuals, not related to the administrator  
58 or owner thereof within the third degree of consanguinity, who by rea-  
59 son of age, illness, disease, or physical or mental infirmity are unable  
60 to sufficiently or properly care for themselves but who do not require  
61 the services of a registered or licensed practical nurse except on an  
62 emergency basis.

63 13. "Mortgage" means a mortgage, mortgage deed, deed of trust, or  
64 other instrument creating a first lien, subject only to title exceptions  
65 acceptable to the authority, on a fee interest in real property which in-  
66 cludes completed housing located within this state, or on a leasehold  
67 on such a fee interest which has a remaining term at the time of com-  
68 putation that exceeds by not less than ten years the maturity date of  
69 the mortgage loan.

70 14. "Mortgage lender" means any bank, trust company, mortgage  
71 company, national banking association, savings and loan association,  
72 life insurance company, any governmental agency, or any other finan-  
73 cial institution authorized to make mortgage loans in this state.

74 15. "Mortgage loan" means a financial obligation secured by a mort-  
75 gage.

76 16. "Bond" means a bond issued by the authority pursuant to sec-  
77 tions twenty-six (26) through thirty (30) of this Act.

78 17. "Note" means a bond anticipation note or a housing develop-  
79 ment fund note issued by the authority pursuant to this Act.

80 18. "State agency" means any board, commission, department, pub-  
81 lic officer, or other agency of the state of Iowa.

82 19. "Housing program" means any work or undertaking of new con-  
 83 struction or rehabilitation of one or more housing units, or the acqui-  
 84 sition of existing residential structures, for the provision of housing,  
 85 which is financed pursuant to the provisions of this Act for the primary  
 86 purpose of providing housing for low or moderate income families. A  
 87 housing program may include housing for other economic groups as  
 88 part of an overall plan to develop new or rehabilitated communities or  
 89 neighborhoods, where housing low or moderate income families is a  
 90 primary goal. A housing program may include any buildings, land,  
 91 equipment, facilities, or other real or personal property which is neces-  
 92 sary or convenient in connection with the provision of housing, includ-  
 93 ing, but not limited to, streets, sewers, utilities, parks, site preparation,  
 94 landscaping, and other nonhousing facilities, such as administrative,  
 95 community, health, recreational, educational, and commercial facili-  
 96 ties, as the authority determines to be necessary or convenient in rela-  
 97 tion to the purposes of this Act.

98 20. "Housing sponsor" means any individual, joint venture, partner-  
 99 ship, limited partnership, trust, corporation, housing cooperative, local  
 100 public entity, governmental unit, or other legal entity, or any combi-  
 101 nation thereof, approved by the authority or pursuant to standards  
 102 adopted by the authority as qualified to either own, construct, acquire,  
 103 rehabilitate, operate, manage, or maintain a housing program, whether  
 104 for profit, nonprofit, or limited profit, subject to the regulatory powers  
 105 of the authority and other terms and conditions set forth in this Act.  
 106 "Housing sponsor" does not include a low or moderate income family  
 107 which is eligible to own or occupy a housing unit.

108 21. "Dilapidated" means decayed, deteriorated or fallen into partial  
 109 disuse through neglect or misuse.

110 The authority shall establish by rule further definitions applicable to  
 111 this Act, and clarification of the definitions in this section, as neces-  
 112 sary to assure eligibility for funds available under federal housing  
 113 laws.

## 1 SEC. 2. NEW SECTION. **Establishment of authority.**

2 1. The Iowa housing finance authority is established, and constitut-  
 3 ed a public instrumentality and agency of the state exercising public  
 4 and essential governmental functions, established to undertake pro-  
 5 grams which assist in attainment of adequate housing for low or mod-  
 6 erate income families, elderly families, families which include one or  
 7 more persons who are handicapped or disabled, and the Iowa home-  
 8 steading program. The powers of the authority shall be vested in and  
 9 exercised by a board of nine members appointed by the governor with  
 10 the approval of two-thirds of the members of the senate. No more than  
 11 five members shall belong to the same political party. Any individual  
 12 or organization may submit the names of nominees for membership to  
 13 the governor in writing within thirty days of the effective date of this  
 14 section, but the governor is not bound to select the members from the  
 15 nominees submitted. As far as possible the governor shall include with-  
 16 in the membership persons determined by him to represent the follow-  
 17 ing interests:

- 18 a. Community and housing development industries.
- 19 b. Housing finance industries.
- 20 c. Real estate sales industry.
- 21 d. Elderly families.
- 22 e. Minorities.
- 23 f. Lower income families.
- 24 g. Very low-income families.
- 25 h. Handicapped and disabled families.
- 26 i. Average taxpayer.

27 2. Members of the authority shall be appointed by the governor for  
28 a term of six years, except that, of the first appointments, three mem-  
29 bers shall be appointed for a term of two years, and three members  
30 shall be appointed for a term of four years. A person appointed to fill  
31 a vacancy shall serve only for the unexpired portion of the term. A  
32 member is eligible for reappointment. A member of the authority may  
33 be removed from office by the governor for misfeasance, malfeasance  
34 or willful neglect of duty or other just cause, after notice and hearing,  
35 unless the notice and hearing is expressly waived in writing.

36 3. Six members of the authority constitute a quorum and the af-  
37 firmative vote of at least five members is necessary for any substantive  
38 action taken by the authority. A vacancy in the membership does not  
39 impair the right of a quorum to exercise all rights and perform all du-  
40 ties of the authority.

41 4. Members of the authority are entitled to receive forty dollars per  
42 diem for each day spent in performance of duties as members, and  
43 shall be reimbursed for all actual and necessary expenses incurred in  
44 the performance of duties as members.

45 5. Members of the authority and the executive director shall give  
46 bond as required for public officers in chapter sixty-four (64) of the  
47 Code.

48 6. Meetings of the authority shall be held at the call of the chairman  
49 or whenever two members so request.

50 7. Members shall elect a chairman and vice chairman annually, and  
51 other officers as they determine, but the executive director shall serve  
52 as secretary to the authority.

1 SEC. 3. NEW SECTION. **Legislative findings.** The general assem-  
2 bly finds and declares as follows:

3 1. The establishment of the authority is in all respects for the bene-  
4 fit of the people of the state of Iowa, for the improvement of their  
5 health and welfare, and for the promotion of the economy, which are  
6 public purposes.

7 2. The authority will be performing an essential governmental func-  
8 tion in the exercise of the powers and duties conferred upon it by this  
9 Act.

10 3. There exists a serious shortage of safe and sanitary residential  
11 housing available to low or moderate income families.

12 4. This shortage is conducive to disease, crime, environmental de-  
13 cline and poverty and impairs the economic value of large areas, which  
14 are characterized by depreciated values, impaired investments, and re-  
15 duced capacity to pay taxes and are a menace to the health, safety,  
16 morals and welfare of the citizens of the state.

17 5. These conditions result in a loss in population and further deterio-  
18 ration, accompanied by added costs to communities for creation of  
19 new public facilities and services elsewhere.

20 6. One major cause of this condition has been recurrent shortages of  
21 funds in private channels.

22 7. These shortages have contributed to reductions in construction of  
23 new residential units, and have made the sale and purchase of existing  
24 residential units a virtual impossibility in many parts of the state.

25 8. The ordinary operations of private enterprise have not in the past  
26 corrected these conditions.

27 9. A stable supply of adequate funds for residential financing is re-  
28 quired to encourage new housing and the rehabilitation of existing  
29 housing in an orderly and sustained manner and to reduce the prob-  
30 lems described in this section.

31 10. It is necessary to create a state housing finance authority to en-  
 32 courage the investment of private capital and stimulate the construc-  
 33 tion and rehabilitation of adequate housing through the use of public  
 34 financing.

35 11. All of the purposes stated in this section are public purposes and  
 36 uses for which public moneys may be borrowed, expended, advanced,  
 37 loaned or granted.

1 SEC. 4. NEW SECTION. **Guiding principles.** In the performance  
 2 of its duties and implementation of its powers, and in the selection of  
 3 specific programs and projects to receive its assistance, the authority  
 4 shall be guided by the following principles:

5 1. The authority shall not become an owner of real property, except  
 6 on a temporary basis where necessary in order to implement its pro-  
 7 grams, protect its investments by means of foreclosure or other means,  
 8 or to facilitate transfer of real property for the use of low or moderate  
 9 income families.

10 2. The authority shall function in cooperation with local government-  
 11 tal units and local or regional housing agencies, and in fulfillment of  
 12 local or regional housing plans, and to that end shall provide technical  
 13 assistance to local governmental units and local or regional agencies in  
 14 need of that assistance.

15 3. A local contributing effort shall be required of each project assist-  
 16 ed by the authority. As used in this subsection, "project" includes one  
 17 or more programs authorized under the provisions of this Act. The lo-  
 18 cal contribution may be provided by local governmental units or by lo-  
 19 cal or regional agencies, public or private. Unless otherwise specified in  
 20 this Act, the percentage and type of local contribution shall be deter-  
 21 mined by the authority, and may include, but should not be limited  
 22 to, cash match, land contribution, tax abatement, or ancillary facili-  
 23 ties. The authority shall encourage ingenuity and creativity in local ef-  
 24 fort.

25 4. The authority shall encourage units of local government and local  
 26 and regional housing agencies to use federal revenue-sharing funds for  
 27 programs which increase or improve the supply of adequate housing for  
 28 low or moderate income families.

29 5. The authority shall encourage cooperative housing efforts at the  
 30 local level, both with respect to the cooperation of public bodies with  
 31 private enterprise and civic groups, and with respect to the formation  
 32 of regional or multi-city units engaged in housing.

33 6. Wherever practicable, the authority shall give preference to the  
 34 following types of programs:

35 a. Those which treat housing problems in the context of the total  
 36 needs of individuals and communities, recognizing that individuals  
 37 may have other problems and needs closely related to their need for  
 38 adequate housing, and that the development of isolated housing units  
 39 without regard for neighborhood and community development tends to  
 40 create undesirable consequences.

41 b. Those which promote home ownership by families of low or mod-  
 42 erate income, recognizing the need for educational counseling pro-  
 43 grams in family financial management and home maintenance in order  
 44 to achieve this goal.

45 c. Those which involve the rehabilitation and conservation of exist-  
 46 ing housing units, and the preservation of existing neighborhoods and  
 47 communities.

48 d. Those designed to serve elderly families, families which include  
 49 one or more persons who are handicapped or disabled, lower income  
 50 families or very low-income families.

51 7. The authority shall encourage the protection, restoration and re-  
 52 habilitation of historic properties, and the preservation of other proper-  
 53 ties of special value for architectural or esthetic reasons. As used in this  
 54 subsection, "historic properties" means landmarks, landmark sites, or  
 55 districts which are significant in the history, architecture, archaeology  
 56 or culture of this state, its communities, or the nation.

1 SEC. 5. NEW SECTION. **General powers.** The authority has all of  
 2 the general powers needed to carry out its purposes and duties, and ex-  
 3 ercise its specific powers, including but not limited to the power to:  
 4 1. Issue its negotiable bonds and notes as provided in sections twenty-  
 5 six (26) through thirty (30) of this Act in order to finance its pro-  
 6 grams.  
 7 2. Sue and be sued in its own name.  
 8 3. Have and alter a corporate seal.  
 9 4. Make and alter bylaws for its management consistent with the  
 10 provisions of this Act.  
 11 5. Make and execute agreements, contracts and other instruments,  
 12 with any public or private entity. All political subdivisions, public  
 13 housing agencies, other public agencies and state departments and  
 14 agencies may enter into contracts and otherwise cooperate with the au-  
 15 thority.  
 16 6. Acquire, hold, improve, mortgage, lease and dispose of real and  
 17 personal property, including, but not limited to, the power to sell at  
 18 public or private sale, with or without public bidding, any such prop-  
 19 erty, mortgage loan, or other obligation held by it.  
 20 7. Procure insurance against any loss in connection with its opera-  
 21 tions and property interests.  
 22 8. Fix and collect fees and charges for its services.  
 23 9. Subject to any agreement with bondholders or noteholders, invest  
 24 or deposit moneys of the authority in any manner determined by the  
 25 authority, notwithstanding the provisions of chapters four hundred  
 26 fifty-two (452), four hundred fifty-three (453) or four hundred fifty-four  
 27 (454) of the Code.  
 28 10. Accept appropriations, gifts, grants, loans, or other aid from  
 29 public or private entities. A record of all gifts or grants, stating the  
 30 type, amount and donor, shall be clearly set out in the authority's an-  
 31 nual report along with the record of other receipts.  
 32 11. Provide technical assistance and counseling related to the au-  
 33 thority's purposes, to public and private entities.  
 34 12. In cooperation with other local, state or federal governmental  
 35 agencies, conduct research studies, develop estimates of unmet housing  
 36 needs, and gather and compile data useful to facilitate decision mak-  
 37 ing.  
 38 13. Cooperate in development of, and initiate housing demonstra-  
 39 tion projects.  
 40 14. Contract with architects, engineers, attorneys, accountants, hous-  
 41 ing construction and finance experts, and other advisors. However, the  
 42 authority may enter into contracts or agreements for such services with  
 43 local, state or federal governmental agencies.  
 44 15. Make, alter and repeal rules consistent with the provisions of this  
 45 Act, and subject to chapter seventeen A (17A) of the Code.

1 SEC. 6. NEW SECTION. **Staff.**  
 2 1. The governor, with the approval of two-thirds of the members of  
 3 the senate, shall appoint an executive director of the authority, who  
 4 shall serve at the pleasure of the governor. The executive director shall  
 5 be selected primarily for administrative ability and knowledge in the

6 field, without regard to political affiliation. The executive director  
7 shall not, directly or indirectly, exert influence to induce any other of-  
8 ficers or employees of the state to adopt a political view, or to favor a  
9 political candidate for office.

10 2. The executive director shall advise the authority on matters relat-  
11 ing to housing and housing finance, carry out all directives from the  
12 authority, and hire and supervise the authority's staff pursuant to its  
13 directions and under the provisions of chapter nineteen A (19A) of the  
14 Code.

15 3. The executive director, as secretary of the authority, shall keep a  
16 record of the proceedings of the authority and shall be custodian of all  
17 books, documents and papers filed with the authority and of its minute  
18 book and seal. He shall have authority to cause to be made copies of  
19 all minutes and other records and documents of the authority and to  
20 give certificates under the seal of the authority to the effect that such  
21 copies are true copies and all persons dealing with the authority may  
22 rely upon such certificates.

1 **SEC. 7. NEW SECTION. Annual report.**

2 1. The authority shall submit to the governor and to the general as-  
3 sembly, not later than January fifteenth each year, a complete report  
4 setting forth:

5 a. Its operations and accomplishments.

6 b. Its receipts and expenditures during the fiscal year, in accordance  
7 with the classifications it establishes for its operating and capital ac-  
8 counts.

9 c. Its assets and liabilities at the end of its fiscal year and the status  
10 of reserve, special and other funds.

11 d. A schedule of its bonds and notes outstanding at the end of its  
12 fiscal year, together with a statement of the amounts redeemed and is-  
13 sued during its fiscal year.

14 e. A statement of its proposed and projected activities.

15 f. Recommendations to the general assembly, as it deems necessary.

16 g. An analysis of current housing needs in the state.

17 2. The annual report shall identify performance goals of the authori-  
18 ty, and clearly indicate the extent of progress during the reporting pe-  
19 riod, in attaining the goals. Where possible, results shall be expressed  
20 in terms of housing units.

1 **SEC. 8. NEW SECTION. Percentage requirement.** The goal of  
2 the authority shall be to assure that fifty percent or more of the hous-  
3 ing units provided directly or indirectly by the authority in each three-  
4 year period beginning July 1, 1975, but in no case less than thirty per-  
5 cent of such units, are units specially designed for and directed to el-  
6 derly families, families which include one or more persons who are  
7 handicapped or disabled, or very low-income families. Failure to meet  
8 this goal does not invalidate any bonds, notes or other obligations of  
9 the authority, but in case of noncompliance with this requirement, the  
10 authority shall make a special report to the governor and to the gener-  
11 al assembly as to the reasons for noncompliance, and the authority  
12 shall not commit further funds for housing units which do not help  
13 meet this goal, until the goal is reached, other than to complete proj-  
14 ects already started.

1 **SEC. 9. NEW SECTION. Nondiscrimination and affirmative ac-**  
2 **tion.**

3 1. Housing financed or otherwise assisted by the authority, directly  
4 or indirectly, shall be open to all persons regardless of race, creed, col-

- 5 or, sex, national origin, age, physical or mental impairment, or reli-  
6 gion except that preference may be given to elderly families, families  
7 which include one or more persons who are handicapped or disabled,  
8 lower income families or very low-income families.
- 9 2. The authority shall promote marketing plans to make housing  
10 available to all persons without discrimination.
- 11 3. The authority shall require adoption and submission of an af-  
12 firmative action program for employment by all contractors and sub-  
13 contractors of housing financed or otherwise assisted by the authority.
- 14 4. The authority shall require all mortgage lenders who participate  
15 in programs financed or otherwise assisted by it to agree that they will  
16 not designate certain areas as unsuitable for the making of mortgage  
17 loans because of the prevailing income, racial, ethnic or other charac-  
18 teristics of the inhabitants of the area. This subsection is intended to  
19 prohibit all mortgage lenders who participate in authority programs  
20 from engaging in the practice commonly known as "red-lining".
- 21 5. The authority may require mortgage lenders who participate in  
22 programs financed or otherwise assisted by the authority to take af-  
23 firmative action to make mortgage loans in areas with a higher than  
24 average concentration of lower-income families or members of racial or  
25 ethnic minorities.

1 **SEC. 10. NEW SECTION. Surplus moneys.** All moneys declared  
2 by the authority to be surplus moneys which are not required to service  
3 bonds and notes issued by the authority, to pay administrative expen-  
4 ses of the authority, or to accumulate necessary operating or loss re-  
5 serves, shall be used by the authority to provide grants, subsidies, and  
6 services to lower income families and very low-income families through  
7 any of the programs authorized in this Act.

1 **SEC. 11. NEW SECTION. Combination programs.** Any programs  
2 authorized in this Act may be combined with any other programs au-  
3 thorized in this Act in order to facilitate as far as practicable the provi-  
4 sion of adequate housing to low and moderate income families.

1 **SEC. 12. NEW SECTION. Mortgage loans.**

- 2 1. The authority may make mortgage loans, including but not limit-  
3 ed to mortgage loans insured, guaranteed, or otherwise secured by the  
4 federal government or by private mortgage insurers, to housing spon-  
5 sors to provide long-term financing for the purchase, or rehabilitation  
6 of adequate housing for low or moderate income families, elderly fami-  
7 lies, families which include one or more persons who are handicapped  
8 or disabled, and noninstitutional residential care facilities.
- 9 2. A mortgage loan under this section may be made only when the  
10 authority determines that the housing sponsor is unable to obtain the  
11 necessary financing from other sources upon terms and conditions  
12 which the sponsor reasonably could be expected to fulfill.
- 13 3. The authority shall make and execute contracts with mortgage  
14 lenders for the servicing of mortgage loans made under this section.  
15 The authority may pay the reasonable value of services rendered pur-  
16 suant to such contracts.
- 17 4. Mortgage loans shall contain terms and provisions including interest  
18 rates, and be in a form as established by rules of the authority. The  
19 authority shall require the housing sponsor to execute assurances and  
20 guarantees reasonably related to protecting the security of the mort-  
21 gage loan, as the authority deems necessary.
- 22 5. In considering an application for a mortgage loan under this sec-  
23 tion, the authority shall determine that the housing will be adequate



24 and provide for the special needs of families of low or moderate in-  
 25 come, elderly families, or families which include one or more persons  
 26 who are handicapped or disabled, or will meet state standards for non-  
 27 institutional residential care facilities, and shall also give consideration  
 28 to:

29 a. The comparative need for housing or noninstitutional residential  
 30 care facilities in the area.

31 b. The ability of the applicant to operate, manage and maintain the  
 32 proposed housing.

33 6. Each mortgage loan shall be subject to an agreement between the  
 34 authority and the housing sponsor which will subject the housing spon-  
 35 sor to limitations established by the authority as to rentals and other  
 36 charges, builders' and developers' profits and fees, and dispositions of  
 37 interests in the property mortgaged, including provisions to prohibit  
 38 assumption of a mortgage without permission of the mortgagee.

39 7. As a condition of a mortgage loan, the authority may, upon rea-  
 40 sonable notice, during construction or rehabilitation of the housing and  
 41 during its operation:

42 a. Enter upon and inspect the physical condition of the premises,  
 43 examine books and records of the housing sponsor, and impose fees to  
 44 cover the cost of the inspections and examinations.

45 b. Require alterations or repairs as necessary to protect the security  
 46 of its investment and the welfare of the occupants, and to insure that  
 47 the housing is in conformity with applicable federal, state and local  
 48 laws.

49 c. Require whatever action is necessary to comply with applicable  
 50 federal, state and local laws, and file and prosecute a complaint or  
 51 seek injunctive relief for a violation of applicable federal, state or local  
 52 laws.

53 8. A mortgage loan may be prepaid to maturity after a period of  
 54 years as determined by rule of the authority, if the authority deter-  
 55 mines that the prepayment will not result in a material escalation of  
 56 rents or fees charged to the occupants.

1 SEC. 13. NEW SECTION. **Lease-purchase agreements.** By means  
 2 of its other financing programs, the authority may encourage and as-  
 3 sist in the provision of housing which will be transferred to low or mod-  
 4 erate income families, elderly families, and families which include one  
 5 or more persons who are handicapped or disabled, pursuant to lease-  
 6 purchase agreements.

7 1. A lease-purchase agreement shall include, but not be limited to  
 8 the following terms:

9 a. The original lease-purchase agreement shall be for a term of one  
 10 year, with option by lessee to renew on the same terms. The lease may  
 11 be terminated by the lessee, upon sixty-days' written notice. The lease  
 12 may be terminated by the lessor at any time for material breach of the  
 13 agreement by the lessee, by service on the lessee of a notice to quit in  
 14 conformance with state law.

15 The lease may otherwise be terminated by the lessor upon sixty-  
 16 days' written notice for only the following causes:

17 (1) In the event of sale of the property due to insolvency of the les-  
 18 sor, in which case the lessee will be given first option to purchase the  
 19 property before the sale is made.

20 (2) For purposes of removing the buildings, or materially altering or  
 21 improving them, to conform with local housing or building codes.

22 b. The rent shall not exceed twenty-five percent of the lessee's in-  
 23 come, but the lessee shall have the option to pay additional amounts.

24 c. The lessee shall be responsible for routine maintenance of the  
25 property, and for its performance shall be credited with an amount  
26 equal to the budgeted amount for monthly routine maintenance in the  
27 monthly housing cost. This credit may be applied by the lessee to the  
28 purchase price in the event he exercises his option to purchase the  
29 property.

30 d. The premises or a portion of them shall be used by the lessee as a  
31 dwelling and no part may be assigned or subleased without the lessor's  
32 written approval.

33 e. The agreement shall be terminated if the property suffers substan-  
34 tial destruction or a substantial portion of the property is taken by  
35 condemnation.

36 f. Major repairs and remodeling or reconstruction shall be under-  
37 taken by the lessee only upon written approval by the lessor, and the  
38 costs of major repairs and remodeling or reconstruction may be paid by  
39 the lessor, or the lessee may deduct the cost including reasonable costs  
40 for the lessee's labor from the rent payments, and receive full credit.

41 g. The original lease-purchase agreement shall state a monthly hous-  
42 ing cost for the unit, equal to the sum of the following:

43 (1) The monthly debt service on the property.

44 (2) One-twelfth of the annual real property taxes.

45 (3) One-twelfth of the annual premium for fire and extended cover-  
46 age, and casualty insurance.

47 (4) The current monthly amount budgeted for routine maintenance  
48 and nonroutine maintenance reserves.

49 (5) Other monthly costs specified in the agreement.

50 2. At the time the original lease-purchase agreement is entered into,  
51 the lessee and lessor shall also enter into an option to purchase agree-  
52 ment, which shall include but not be limited to the following terms:

53 a. The purchase price of the property shall be the unamortized bal-  
54 ance of debt on the property plus the lessor's original down payment.

55 b. The option to purchase shall state the market value of the proper-  
56 ty and the lessor's purchase cost of the property, and shall state the  
57 amount, term and interest rate of any mortgage loan on the property.

58 c. The lessee shall have the right to exercise his option to purchase  
59 the property when all of the following conditions have been met:

60 (1) The lessee has maintained a level of rent payments equal to the  
61 monthly housing cost of the property for a period of one year.

62 (2) The lessee has complied with the terms of the lease during the  
63 leasing period.

64 (3) The lessee is able to meet the established purchase price through  
65 a combination of earned credits toward down payment, down payment  
66 grant, assumption of the lessor's mortgage, refinancing with a new  
67 mortgage, or contract of sale from the lessor.

68 d. The payments required under the mortgage or contract of sale  
69 shall be sufficient to pay taxes, insurance, and the stated minimum in-  
70 terest, and to amortize the stated market value of the property within  
71 a period of not to exceed fifty years from the date of the original  
72 lease-purchase agreement.

73 e. All rent paid by the lessee, less the amount necessary to pay tax-  
74 es, insurance, and interest, shall be applied to and considered as a part  
75 of the down payment against the stated market value of the property.

76 f. The authority may establish other criteria reasonably related to  
77 determining that a lessee is capable of handling the responsibilities of  
78 home ownership before a transfer of title is made or a contract of sale  
79 is entered into.

80 3. To the extent funds are available, the authority may provide  
 81 down payment grants to very low-income families and lower income  
 82 families who have established home ownership capability by making  
 83 regular payments under a lease from their own resources for a period of  
 84 not less than one year and by meeting other criteria reasonably related  
 85 to determining that a lessee is capable of handling the responsibilities  
 86 of home ownership, as the authority establishes by rule. In addition,  
 87 the authority may provide funds to private, nonprofit organizations  
 88 for the purpose of making down-payment grants to very low-income  
 89 families and lower income families who are participating in lease-pur-  
 90 chase programs administered by the organization which meet standards  
 91 similar to the standards specified in this section, and which are accept-  
 92 able to the authority.

93 4. The authority may combine the lease-purchase program with oth-  
 94 er programs provided or assisted by the authority, in order to encour-  
 95 age eventual home ownership by very low-income families and lower  
 96 income families who are able to establish home ownership capability  
 97 by showing regularity of payment and property maintenance.

1 SEC. 14. NEW SECTION. **Iowa homesteading program.**

2 1. The Iowa homesteading program is established to be under the su-  
 3 pervision of the authority. The purpose of the program is to alleviate  
 4 problems of slums and blighted areas, to provide for rehabilitation of  
 5 dilapidated and deteriorating housing, and to make existing housing  
 6 available to families, all of which are declared to be public purposes.  
 7 The authority may establish homesteading projects in any part of the  
 8 state, subject to the approval of the local governing body and in coop-  
 9 eration with suitable local agencies, may provide financial and techni-  
 10 cal assistance to housing sponsors for the establishment of  
 11 homesteading projects which meet the requirements of this Act, and  
 12 may coordinate and cooperate with similar local projects to provide  
 13 housing.

14 2. When the authority implements its homesteading program, it  
 15 shall:

16 a. Encourage private rehabilitation of abandoned or dilapidated  
 17 housing through homesteading projects where normal private or gov-  
 18 ernmental development or rehabilitation is economically unfeasible or  
 19 has been neglected.

20 b. Locate and compile a catalog of all private, city, state and feder-  
 21 ally owned abandoned or dilapidated structures appropriate for inclu-  
 22 sion in homesteading projects, utilizing the aid of other local, state  
 23 and federal agencies.

24 c. Publicize the homesteading program and available properties.

25 d. Employ staff persons with knowledge and experience in residen-  
 26 tial housing finance, construction or rehabilitation, and in dealing with  
 27 housing problems.

28 e. Establish a coordinated approach toward neighborhood improve-  
 29 ment through the homesteading program and the upgrading of com-  
 30 munity services and facilities.

31 3. The authority may:

32 a. Recommend legislation to provide appropriate exemptions from  
 33 real property tax laws for homesteading properties.

34 b. Recommend temporary suspension or temporary or permanent  
 35 modification of building and housing code requirements to the extent  
 36 necessary to permit safe and economical rehabilitation of housing.

37 4. The authority shall formulate and revise as necessary rules for ap-  
 38 proval of homesteading projects based upon the following require-  
 39 ments, and others as needed.

- 40 a. Homesteading projects shall provide for:
- 41 (1) Approval of homesteading applicants on a first in time is first in
- 42 right basis, unless probability of success with a subsequent applicant is
- 43 substantially higher. In cases of two or more applicants for a single
- 44 property, priority may be given to a resident of the city or county
- 45 where the property is located, or to the applicant with the lowest in-
- 46 come who is otherwise qualified.
- 47 (2) Aid and assistance for applicants to apply for and receive finan-
- 48 cial and technical assistance and counseling from public or private
- 49 sources.
- 50 (3) Announced quarterly inspections of homesteads during rehabili-
- 51 tation.
- 52 (4) Payment for the reasonable value of improvements on property
- 53 returned for good faith failure to comply with the homesteading re-
- 54 quirements, less a reasonable rental value.
- 55 (5) Repossession of property upon proper notice and hearing unless
- 56 waived by the homestead applicant, for unreasonable failure to comply
- 57 with homesteading requirements.
- 58 b. Applicants for a homesteading project shall:
- 59 (1) Have reached the age of majority.
- 60 (2) Be United States citizens or registered aliens.
- 61 (3) Agree to rehabilitate the property to meet applicable building or
- 62 housing code standards within a two-year period after initial transfer
- 63 of conditional title. However, the two-year period may be extended for
- 64 reasonable cause.
- 65 (4) Agree to live in and occupy the housing for five continuous
- 66 years.
- 67 c. The housing sponsor providing the homesteading property shall
- 68 agree to:
- 69 (1) The conditional conveyance of unoccupied residential property
- 70 to the applicant with or without any substantial consideration, which
- 71 consideration may include the value of work performed by the appli-
- 72 cant in rehabilitating the property during the period of the conditional
- 73 conveyance.
- 74 (2) The revocation of the conveyance upon any material breach of
- 75 the agreement.
- 76 (3) The conveyance from the agency of fee simple title to the prop-
- 77 erty upon compliance with the agreement.
- 78 5. The authority may establish and maintain a "homesteading
- 79 fund" to be administered as follows:
- 80 a. The fund shall be used exclusively for rehabilitation loans.
- 81 b. Rehabilitation loans shall be granted exclusively to those selected
- 82 for homesteading.
- 83 c. No rehabilitation loans shall be made until a conditional convey-
- 84 ance has been issued.
- 85 d. The rehabilitation loans shall be for a maximum term of twenty
- 86 years.
- 87 e. The interest rates for rehabilitation loans shall be established by
- 88 rule of the authority and shall be as low as practicable considering cur-
- 89 rent market conditions.
- 90 f. All funds received as payment on the rehabilitation loans shall be
- 91 deposited in the homesteading fund.
- 92 g. The authority may require security for the rehabilitation loans.

1 SEC. 15. NEW SECTION. **Housing assistance for very low-income**

2 **and lower income families.**

- 3 1. The authority shall participate in the housing assistance pay-
- 4 ments program under section eight (8) of the United States Housing

5 Act of 1937, section one thousand four hundred one (1401) et seq., title  
6 forty-two (42), United States Code, as amended by section two hundred  
7 one (201) of the Housing and Community Development Act of 1974  
8 (Public Law ninety-three dash three hundred eighty-three (93-383)).  
9 The purpose of participation is to enable the authority to obtain, on  
10 behalf of the state of Iowa, set-asides of contract authorization reserved  
11 by the United States secretary of housing and urban development for  
12 public housing agencies, to enter into annual contributions contracts,  
13 to otherwise expedite use of the program through the use of state hous-  
14 ing finance funds, and to encourage new construction and substantial  
15 rehabilitation of housing suitable for assistance under the program. As-  
16 sistance may be provided for existing housing units made available by  
17 owners for the program, as well as for newly constructed housing units.  
18 Maximum rents shall be established by the authority in conformity  
19 with federal law.

20 2. To establish maximum eligibility for set-asides the authority  
21 shall:

22 a. Develop and implement procedures which will to the fullest possi-  
23 ble extent complement the allocation system of the United States de-  
24 partment of housing and urban development.

25 b. Evaluate statewide and local housing needs and develop a pro-  
26 gram to provide housing in areas of most critical need, within its allo-  
27 cation of set-aside contract authority.

28 c. Comply with all documentation and application requirements of  
29 the federal law.

30 3. The authority shall cooperate to the fullest extent possible with  
31 local housing agencies for implementation of the housing assistance  
32 payments program. The agency may enter into agreements with local  
33 housing agencies, housing cooperatives, or other public or private enti-  
34 ties for commitment of housing assistance upon completion of an ap-  
35 proved proposal, and may subsequently execute with such entities  
36 housing assistance payments contracts.

37 4. Permanent financing for units to be subsidized under the housing  
38 assistance payments program may be provided by the authority, direct-  
39 ly or indirectly, by the proceeds from the sale of bonds and notes as  
40 provided in this Act, or by other moneys available to the authority, by  
41 appropriations or otherwise.

42 5. The authority shall, when appropriate, take necessary steps to co-  
43 operate with the United States department of agriculture in implemen-  
44 tation of sections five hundred seventeen (517) and five hundred  
45 twenty-one (521) of the Housing Act of 1949, sections one thousand  
46 four hundred eighty-seven (1487) and one thousand four hundred nine-  
47 ty a (1490a), title forty-two (42), United States Code, as amended by  
48 section five hundred fourteen (514) of the Housing and Community  
49 Development Act of 1974 (Public Law ninety-three dash three hundred  
50 eighty-three (93-383)). The purpose of such programs is to extend to ru-  
51 ral areas the provisions of housing assistance payments programs.

52 6. The authority shall, when appropriate, take necessary steps to  
53 participate in the programs of federal assistance to state housing fi-  
54 nance agencies for expanding the supply of housing available to low or  
55 moderate income families, as provided in section eight hundred two  
56 (802) of the Housing and Community Development Act of 1974 (Public  
57 Law ninety-three dash three hundred eighty-three (93-383)).

58 7. The authority may participate in other programs under the Hous-  
59 ing and Community Development Act of 1974 (Public Law ninety-  
60 three dash three hundred eighty-three (93-383)), and in other federal  
61 programs designed to increase the supply of adequate housing for low

62 or moderate income families and may recommend appropriate legisla-  
 63 tion to the general assembly where further legislation is needed to ac-  
 64 complish such participation. However, failure of the authority to  
 65 participate in the federal programs set out in this section does not in-  
 66 validate any bonds, notes or other obligations of the authority.

1       **SEC. 16. NEW SECTION. Rent supplements.**

2       1. The authority may establish and administer through local public  
 3 or private agencies an eighteen month demonstration program of rent  
 4 supplements designed for very low-income and lower income families,  
 5 to provide for payment of a maximum of the difference between twenty-  
 6 five percent of an eligible family's income and the fair market rent-  
 7 al of a unit of housing, as established by the authority. Eligibility of a  
 8 housing unit for participation in the demonstration rent supplement  
 9 program is subject to approval by the authority based on compliance  
 10 with the definition of adequate housing in this Act, and agreement by  
 11 the owner to comply with authority rules pertaining to equal housing  
 12 opportunity, maintenance, occupancy, and other authority policies.  
 13 The authority shall, by rule, establish criteria for participation in the  
 14 demonstration project, based upon the provisions of this section and  
 15 section four (4) of this Act, including but not limited to the selection of  
 16 target groups, determined by geographical location or special needs, to  
 17 receive the benefits of the program under the demonstration project. It  
 18 shall then receive applications for participation in the demonstration  
 19 project from agencies or organizations described in subsection two (2) of  
 20 this section, prepare a detailed plan for the total demonstration project  
 21 including a statement of funding needs, and submit the plan to the  
 22 general assembly with its budget request.

23       2. A governing body of a city or county, a public housing agency, or  
 24 a private, nonprofit organization which provides or wishes to provide  
 25 housing to lower income families, is eligible to apply for participation  
 26 in the rent supplement program. Funds available for the rent supple-  
 27 ment program, whether from appropriations or from other sources,  
 28 shall be made available by the authority to cities, counties, public  
 29 housing agencies, or private, nonprofit organizations on a one-to-one  
 30 matching basis with funds supplied by the cities, counties, public hous-  
 31 ing agencies, or private, nonprofit organizations that participate.

1       **SEC. 17. NEW SECTION. Emergency housing fund.** The authori-  
 2 ty may establish a fund to be known as the "emergency housing fund"  
 3 to be administered by the authority separate and distinct from other  
 4 moneys or funds administered by the authority.

5       The emergency housing fund may be comprised of the proceeds of  
 6 appropriations, grants and other contributions and the authority is au-  
 7 thorized to accept contributions to the fund from any source.

8       The emergency housing fund may be used to make grants and tem-  
 9 porary loans at interest rates and terms as determined by the authori-  
 10 ty, for the following purposes:

11       1. To defray the local contribution requirement for housing sponsors  
 12 who apply for rent supplement assistance as provided in section sixteen  
 13 (16) of this Act and who, in the judgment of the authority, would not  
 14 be able to provide the local contribution without undue hardship.

15       2. To defray temporary housing costs that result from displacement  
 16 by natural or other disaster, if the disaster has been proclaimed by the  
 17 governor.

18       3. To defray a portion of the expense required to develop and initi-  
 19 ate housing which deals creatively with the housing problems of low or  
 20 moderate income families, elderly families, and families which include  
 21 one or more persons who are handicapped or disabled.

1     SEC. 18. NEW SECTION. **Housing assistance fund.** The authority  
2 may establish a revolving fund to be known as the "housing assistance  
3 fund", to be administered by the authority as a trust fund separate  
4 and distinct from other moneys or funds administered by the authori-  
5 ty.

6     The housing assistance fund may be comprised of the proceeds of ap-  
7 propriations, grants and other contributions, earnings accruing to the  
8 authority, surplus moneys transferred as provided in section ten (10) of  
9 this Act, and of fund notes issued by the authority as provided in sec-  
10 tion nineteen (19) of this Act, and the authority is authorized to accept  
11 contributions to the fund from any source.

12     The housing assistance fund may be used to make temporary loans  
13 at interest rates and terms as determined by the authority, for the fol-  
14 lowing purposes:

15     1. To defray development costs for housing for low or moderate in-  
16 come families provided by housing sponsors. A "development cost"  
17 loan shall be repaid in full by the borrower concurrent with obtaining a  
18 construction loan, unless the authority extends the period for repay-  
19 ment, but the period for repayment shall not be extended beyond the  
20 date of obtaining a mortgage loan on the housing. As used in this sec-  
21 tion, "development costs" means the costs approved by the authority  
22 as appropriate expenditures which may be incurred by builders and de-  
23 velopers prior to commitment and initial advance of the proceeds of a  
24 construction loan or a mortgage loan, including but not limited to:

25     a. Payments for options to purchase properties on the proposed  
26 housing site, deposits on contracts of purchase, or, with approval of the  
27 authority, payments for the purchasing of such properties.

28     b. Legal and organizational expenses including payment of attorney  
29 fees, project manager, clerical and other staff salaries, office rent and  
30 other incidental expenses.

31     c. Payment of fees for preliminary feasibility studies and advances  
32 for planning, engineering and architectural work.

33     d. Expenses for tenant surveys and market analysis.

34     e. Necessary application and other fees.

35     2. To make or participate in the making of mortgage loans for reha-  
36 bilitation or preservation of existing dwellings for the use of low or  
37 moderate income families, elderly families or families which include  
38 one or more persons who are handicapped or disabled. A rehabilitation  
39 or preservation loan may be for the estimated cost of the rehabilitation  
40 work to be done, for the purpose of refinancing an existing mortgage  
41 loan, for the purpose of doing the rehabilitation work, or for the pur-  
42 pose of acquiring housing in which rehabilitation work is to be done.  
43 The rehabilitation or preservation loan shall not exceed, with all other  
44 existing indebtedness of the property, the estimated market value of  
45 the property as determined by the authority, after the rehabilitation or  
46 preservation is completed, and the term of a loan shall not exceed the  
47 estimated useful life of the property as determined by the authority,  
48 after rehabilitation or preservation. The proposed rehabilitation or  
49 preservation shall assure that the property will not contain any sub-  
50 stantial violation of applicable housing codes. A rehabilitation or pres-  
51 ervation loan under this subsection may be made only when the  
52 authority determines that the proposed mortgagor is unable to obtain  
53 the necessary financing from other sources upon terms and conditions  
54 which the proposed mortgagor reasonably could be expected to fulfill.  
55 A rehabilitation or preservation loan under this subsection may be pro-  
56 vided only within an area of a city for which an authorized city agency  
57 submits a satisfactory affirmative neighborhood preservation program,

58 or in other areas within or outside of cities where the authority deter-  
59 mines that rehabilitation or preservation is economically sound and a  
60 program of neighborhood preservation is inappropriate. The following  
61 criteria, along with others reasonably related to the purposes of this  
62 Act, which may be determined by the authority, shall be considered in  
63 determining whether an affirmative neighborhood preservation pro-  
64 gram is satisfactory:

65 a. The degree of blight, decay or deterioration of housing or the im-  
66 minent threat of blight, decay or deterioration of housing within the  
67 area.

68 b. The degree to which financing for repairs, remodeling or rehabili-  
69 tation of housing within the area is available.

70 c. The proportion of residential structures within the area which are  
71 owner-occupied.

72 d. The degree to which the financial resources of proposed occupants  
73 of the housing, including resources available to them under this Act or  
74 other federal, state, and local laws and programs, provide reasonable  
75 assurances of the economic feasibility of the financing of rehabilitation  
76 or preservation.

77 e. The expressed commitment of the city to provide a concentrated  
78 effort to enforce the applicable housing codes within the area.

79 f. The expressed commitment of the city to provide capital improve-  
80 ments and other city services so as to stabilize, improve and restore the  
81 neighborhood.

1     SEC. 19. NEW SECTION. **Housing assistance fund notes.** The  
2 authority may issue housing assistance fund notes, the principal and  
3 interest of which shall be payable solely from the housing assistance  
4 fund established under section eighteen (18) of this Act. The fund  
5 notes of each issue shall be dated, shall mature at such times not ex-  
6 ceeding ten years from their dates, and may be made redeemable be-  
7 fore maturity, at the option of the authority, at prices and under terms  
8 and conditions as determined by the authority. The authority shall de-  
9 termine the form and manner of execution of the fund notes, including  
10 any interest coupons to be attached thereto, and shall fix the denomi-  
11 nations and the places of payment of principal and interest, which  
12 may be any financial institution within or without the state or any  
13 agent, including the lender. If any officer whose signature or a facsimile  
14 of whose signature appears on fund notes or coupons shall cease to  
15 be that officer before the delivery of the notes or coupons, the signa-  
16 ture or facsimile shall be valid and sufficient for all purposes the same  
17 as if the officer had remained in office until delivery. The fund notes  
18 may be issued in coupon or in registered form, or both, as the authori-  
19 ty determines, and provision may be made for the registration of cou-  
20 pon fund notes as to principal alone and also as to both principal and  
21 interest, and for the conversion into coupon fund notes of any fund  
22 notes registered as to both principal and interest, and for the inter-  
23 change of registered and coupon fund notes. Fund notes shall bear in-  
24 terest at rates as determined by the authority and may be sold in a  
25 manner, either at public or private sale, and for a price as the authori-  
26 ty determines to be best to effectuate the purposes of the housing assis-  
27 tance fund. The proceeds of fund notes shall be used solely for the  
28 purposes for which issued and shall be disbursed in a manner and un-  
29 der restrictions as provided in this section and in the resolution of the  
30 authority providing for their issuance. The authority may provide for  
31 the replacement of fund notes which become mutilated or are de-  
32 stroyed or lost.



1     **SEC. 20. NEW SECTION. Loans to mortgage lenders.**

2     1. The authority may make, and contract to make, loans to mort-  
3     gage lenders on terms and conditions as it determines which are reason-  
4     ably related to protecting the security of the authority's investment  
5     and to implementing the purposes of this Act, and subject to this sec-  
6     tion, and all mortgage lenders are authorized to borrow from the au-  
7     thority in accordance with the provisions of this section and the rules  
8     of the authority.

9     2. The authority shall require as a condition of each loan to a mort-  
10    gage lender that the mortgage lender, within a reasonable period after  
11    receipt of the loan proceeds as the authority prescribes by rule, shall  
12    have entered into written commitments to make, and, within a reason-  
13    able period thereafter as the authority prescribes by rule, shall have  
14    disbursed the loan proceeds in new mortgage loans to low or moderate  
15    income families in an aggregate principal amount equal to the amount  
16    of the loan. New mortgage loans shall have terms and conditions as the  
17    authority prescribes by rules which are reasonably related to imple-  
18    menting the purposes of this Act.

19    3. The authority shall require the submission to it by each mortgage  
20    lender to which the authority has made a loan, of evidence satisfactory  
21    to the authority of the making of new mortgage loans to low or moder-  
22    ate income families as required by this section, and in that connection  
23    may, through its members, employees or agents, inspect the books and  
24    records of a mortgage lender.

25    4. Compliance by a mortgage lender with the terms of its agreement  
26    with the authority with respect to the making of new mortgage loans to  
27    low or moderate income families may be enforced by decree of any dis-  
28    trict court of this state. The authority may require as a condition of a  
29    loan to a national banking association or a federally chartered savings  
30    and loan association, the consent of the association to the jurisdiction  
31    of courts of this state over any such proceeding. The authority may al-  
32    so require, as a condition of a loan to a mortgage lender, agreement by  
33    the mortgage lender to the payment of penalties to the authority for  
34    violation by the mortgage lender of its agreement with the authority,  
35    and the penalties shall be recoverable at the suit of the authority.

36    5. The authority shall require that each mortgage lender receiving a  
37    loan pursuant to this section shall issue and deliver to the authority an  
38    evidence of its indebtedness to the authority which shall constitute a  
39    general obligation of the mortgage lender and shall bear a date, ma-  
40    ture at a time, be subject to prepayment, and contain other provisions  
41    consistent with this section and reasonably related to protecting the se-  
42    curity of the authority's investment, as the authority determines.

43    6. Notwithstanding any other provision of this section to the con-  
44    trary, the interest rate and other terms of loans to mortgage lenders  
45    made from the proceeds of an issue of bonds or notes of the authority  
46    shall be at least sufficient to assure the payment of the bonds or notes  
47    and the interest on them as they become due.

48    7. The authority shall require that loans to mortgage lenders are ad-  
49    ditionally secured as to payment of both principal and interest by a  
50    pledge of and lien upon collateral security by special escrow funds or  
51    other forms of guarantee and in such amounts and forms as the author-  
52    ity shall by resolution determine to be necessary to assure the payment  
53    of the loans and the interest thereon as they become due. Collateral se-  
54    curity shall consist of direct obligations of, or obligations guaranteed  
55    by, the United States or one of its agencies, obligations satisfactory to  
56    the authority which are issued by other federal agencies, direct obliga-  
57    tions of or obligations guaranteed by a state or a political subdivision

58 of a state, or investment quality obligations approved by the authori-  
59 ty.

60 8. The authority may require that collateral for loans be deposited  
61 with a bank, trust company or other financial institution acceptable to  
62 the authority located in this state and designated by the authority as  
63 custodian. In the absence of such a requirement, each mortgage lender  
64 shall enter into an agreement with the authority containing provisions  
65 as the authority deems necessary to adequately identify and maintain  
66 the collateral, service the collateral, and require the mortgage lender to  
67 hold the collateral as an agent for the authority and be accountable to  
68 the authority as the trustee of an express trust for the application and  
69 disposition of the collateral and the income from it. The authority  
70 may also establish additional requirements as it deems necessary with  
71 respect to the pledging, assigning, setting aside, or holding of collateral  
72 and the making of substitutions for it or additions to it and the dis-  
73 position of income and receipts from it.

74 9. The authority may require as a condition of loans to mortgage  
75 lenders, any representations and warranties it determines are necessary  
76 to secure the loans and carry out the purposes of this section.

77 10. If a provision of this section is inconsistent with a provision of  
78 law of this state governing mortgage lenders, the provision of this sec-  
79 tion controls for the purposes of this section.

1 **SEC. 21. NEW SECTION. Purchase of mortgage loans.**

2 1. The authority may purchase, and make advance commitments to  
3 purchase, mortgage loans from mortgage lenders at prices and upon  
4 terms and conditions as it determines subject to this section. However,  
5 the total purchase price for all mortgage loans which the authority  
6 commits to purchase from a mortgage lender at any one time shall not  
7 exceed the total of the unpaid principal balances of the mortgage loans  
8 purchased. Mortgage lenders are authorized to sell mortgage loans to  
9 the authority in accordance with the provisions of this section and the  
10 rules of the authority.

11 2. The authority shall require as a condition of purchase of mort-  
12 gage loans from mortgage lenders that the mortgage lenders, within a  
13 reasonable period after receipt of the purchase price as the authority  
14 prescribes by rule, shall enter into written commitments to loan and,  
15 within a reasonable period thereafter as the authority prescribes by  
16 rule, shall loan an amount equal to the entire purchase price of the  
17 mortgage loans, on new mortgage loans to low or moderate income  
18 families or certify that mortgage loans purchased are mortgage loans  
19 made to low or moderate income families. New mortgage loans to be  
20 made by mortgage lenders shall have terms and conditions as the au-  
21 thority prescribes by rule. The authority may make a commitment to  
22 purchase mortgage loans from mortgage lenders in advance of the time  
23 such loans are made by mortgage lenders. The authority shall require  
24 as a condition of such commitment that mortgage lenders certify in  
25 writing that all mortgage loans represented by the commitment will be  
26 made to low or moderate income families, and that other authority  
27 specifications will be complied with.

28 3. The authority shall require the submission to it by each mortgage  
29 lender from which the authority has purchased mortgages, of evidence  
30 satisfactory to the authority of the making of new mortgage loans to  
31 low or moderate income families as required by this section and in that  
32 connection may, through its members, employees or agents, inspect the  
33 books and records of a mortgage lender.

34 4. Compliance by a mortgage lender with the terms of its agreement  
35 with the authority with respect to the making of new mortgage loans to  
36 low or moderate income families may be enforced by decree of any dis-  
37 trict court of this state. The authority may require as a condition of  
38 purchase of mortgage loans from any national banking association or  
39 federally chartered savings and loan association, the consent of the as-  
40 sociation to the jurisdiction of courts of this state over any such pro-  
41 ceeding. The authority may also require as a condition of the  
42 authority's purchase of mortgage loans from a mortgage lender, agree-  
43 ment by the mortgage lender to the payment of penalties to the au-  
44 thority for violation by the mortgage lender of its agreement with the  
45 authority, and the penalties shall be recoverable at the suit of the au-  
46 thority.

47 5. The authority may require as a condition of purchase of a mort-  
48 gage loan from a mortgage lender that the mortgage lender represent  
49 and warrant to the authority that:

50 a. The unpaid principal balance of the mortgage loan and the inter-  
51 est rate on it have been accurately stated to the authority.

52 b. The amount of the unpaid principal balance is justly due and  
53 owing.

54 c. The mortgage lender has no notice of the existence of any coun-  
55 terclaim, offset or defense asserted by the mortgagor or his successor in  
56 interest.

57 d. The mortgage loan is evidenced by a bond or promissory note and  
58 a mortgage which has been properly recorded with the appropriate  
59 public official.

60 e. The mortgage constitutes a valid first lien on the real property  
61 described to the authority subject only to real property taxes not yet  
62 due, installments of assessments not yet due, and easements and re-  
63 strictions of record which do not adversely affect, to a material degree,  
64 the use or value of the real property or improvements on it.

65 f. The mortgagor is not now in default in the payment of any in-  
66 stallment of principal or interest, escrow funds, real property taxes or  
67 otherwise in the performance of obligations under the mortgage docu-  
68 ments and has not to the knowledge of the mortgage lender been in de-  
69 fault in the performance of any obligation under the mortgage for a  
70 period of longer than sixty days during the life of the mortgage.

71 g. The improvements to the mortgaged real property are covered by  
72 a valid and subsisting policy of insurance issued by a company autho-  
73 rized to issue such policies in this state and providing fire and extend-  
74 ed coverage in amounts as the authority prescribes by rule.

75 h. The mortgage loan meets the prevailing investment quality  
76 standards for mortgage loans in this state.

77 6. A mortgage lender is liable to the authority for damages suffered  
78 by the authority by reason of the untruth of a representation or the  
79 breach of a warranty and, in the event that a representation proves to  
80 be untrue when made or in the event of a breach of warranty, the  
81 mortgage lender shall, at the option of the authority, repurchase the  
82 mortgage loan for the original purchase price adjusted for amounts  
83 subsequently paid on it, as the authority determines.

84 7. The authority shall require the recording of an assignment of a  
85 mortgage loan purchased by it from a mortgage lender and shall not be  
86 required to notify the mortgagor of its purchase of the mortgage loan.  
87 The authority shall not be required to inspect or take possession of the  
88 mortgage documents if the mortgage lender from which the mortgage  
89 loan is purchased by the authority enters into a contract to service the  
90 mortgage loan and account to the authority for it.

91 8. The authority may not commit more than fifteen percent of its  
 92 total bonding capacity as authorized by law to mortgage purchases un-  
 93 der this section, except that this limit shall not apply to the purchase  
 94 of mortgages on newly constructed single or multiple dwellings.

95 9. If a provision of this section is inconsistent with another provision  
 96 of law of this state governing mortgage lenders, the provision of this  
 97 section controls for the purposes of this section.

1 SEC. 22. NEW SECTION. **Rules—loans to mortgage lenders and**  
 2 **purchase of mortgage loans.** The rules of the authority relating to  
 3 the making of loans to mortgage lenders or the purchase of mortgage  
 4 loans shall provide at least for the following:

5 1. Procedures for the submission by mortgage lenders to the authori-  
 6 ty of requests for loans and offers to sell mortgage loans.

7 2. Standards for allocating bond proceeds among mortgage lenders  
 8 requesting loans from, or offering to sell mortgage loans to, the author-  
 9 ity.

10 3. Standards for determining the principal amount to be loaned to  
 11 each mortgage lender and the interest rate on each loan.

12 4. Standards for determining the aggregate principal amount of  
 13 mortgage loans to be purchased from each mortgage lender and the  
 14 purchase price.

15 5. Qualifications or characteristics of housing and the purchasers to  
 16 be financed by new mortgage loans made in satisfaction of the require-  
 17 ments of section twenty (20), subsection two (2) or section twenty-one  
 18 (21), subsection two (2) of this Act.

19 6. Restrictions as to the interest rates to be allowed on new mortgage  
 20 loans and the return to be realized by mortgage lenders.

21 7. Requirements as to commitments and disbursements by mortgage  
 22 lenders with respect to new mortgage loans.

23 8. Schedules of fees and charges to be imposed by the authority.

24 9. Requirements for provisions that prohibit mortgage loans made  
 25 under this program from being assumed without permission of the  
 26 mortgagee.

1 SEC. 23. NEW SECTION. **Powers relating to loans.** Subject to  
 2 any agreement with bondholders or noteholders, the authority may re-  
 3 negotiate a mortgage loan or a loan to a mortgage lender in default,  
 4 waive a default or consent to the modification of the terms of a mort-  
 5 gage loan or a loan to a mortgage lender, forgive or forbear all or part  
 6 of a mortgage loan or a loan to a mortgage lender, and commence,  
 7 prosecute and enforce a judgment in any action, including but not lim-  
 8 ited to a foreclosure action, to protect or enforce any right conferred  
 9 upon it by law, mortgage loan agreement, contract or other agreement,  
 10 and in connection with any such action, bid for and purchase the prop-  
 11 erty or acquire or take possession of it, complete, administer, pay the  
 12 principal of and interest on any obligations incurred in connection  
 13 with the property and dispose of and otherwise deal with the property  
 14 in a manner as the authority deems advisable to protect its interests.

1 SEC. 24. NEW SECTION. **Certification of amortization peri-**  
 2 **ods.** Before the authority provides money, either directly or indirect-  
 3 ly, for any mortgage loan, it must obtain the certificate of a competent  
 4 appraiser to the effect that the economic lifespan of the property on  
 5 which the mortgage loan is to be made is in excess of the period of am-  
 6 ortization of the mortgage loan.

1 SEC. 25. NEW SECTION. **Planning, zoning and building**  
 2 **laws.** All housing provided or assisted by the authority is subject to

3 any applicable master plan, official map, zoning regulation, building  
4 code, housing code and any other law or regulation governing land  
5 use, pollution control, environmental quality, planning or construc-  
6 tion, for the area in which the housing is to be located.

1 **SEC. 26. NEW SECTION. Bonds and notes.**

2 1. The authority may issue its negotiable bonds and notes in princi-  
3 pal amounts as, in the opinion of the authority, are necessary to pro-  
4 vide sufficient funds for achievement of its corporate purposes, the  
5 payment of interest on its bonds and notes, the establishment of re-  
6 serves to secure its bonds and notes, and all other expenditures of the  
7 authority incident to and necessary or convenient to carry out its pur-  
8 poses and powers. However, the authority may not have a total princi-  
9 pal amount of bonds and notes outstanding at any time in excess of  
10 one hundred million dollars. The bonds and notes shall be deemed to  
11 be investment securities and negotiable instruments within the mean-  
12 ing of and for all purposes of the uniform commercial code.

13 2. Bonds and notes issued by the authority are payable solely and  
14 only out of the moneys, assets, or revenues of the authority, and as  
15 provided in the agreement with bondholders or noteholders pledging  
16 any particular moneys, assets or revenues. Bonds or notes are not an  
17 obligation of this state or any political subdivision of this state other  
18 than the authority within the meaning of any constitutional or statuto-  
19 ry debt limitations, but are special obligations of the authority payable  
20 solely and only from the sources provided in this Act, and the authori-  
21 ty may not pledge the credit or taxing power of this state or any politi-  
22 cal subdivision of this state other than the authority, or make its debts  
23 payable out of any moneys except those of the authority.

24 3. The maximum amount of bonds and notes issued by the authority  
25 which may be outstanding at any time shall be set by statute. Bonds  
26 and notes must be authorized by a resolution of the authority. How-  
27 ever, a resolution authorizing the issuance of bonds or notes may dele-  
28 gate to an officer of the authority the power to negotiate and fix the  
29 details of an issue of bonds or notes by an appropriate certificate of the  
30 authorized officer.

31 4. Bonds shall:

32 a. State the date and series of the issue, be consecutively numbered,  
33 and state on their face that they are payable both as to principal and  
34 interest solely out of the assets of the authority and do not constitute  
35 an indebtedness of this state or any political subdivision of this state  
36 other than the authority within the meaning of any constitutional or  
37 statutory debt limit.

38 b. Be either registered, registered as to principal only, or in coupon  
39 form, issued in denominations as the authority prescribes, fully negotia-  
40 ble instruments under the laws of this state, signed on behalf of the  
41 authority with the manual or facsimile signature of the chairman or  
42 vice chairman, attested by the manual or facsimile signature of the sec-  
43 retary, have impressed or imprinted thereon the seal of the authority  
44 or a facsimile of it, and the coupons attached shall be signed with the  
45 facsimile signature of the chairman or vice chairman, be payable as to  
46 interest at rates and at times as the authority determines, be payable  
47 as to principal at times over a period not to exceed fifty years from the  
48 date of issuance, at places, and with reserved rights of prior redemp-  
49 tion, as the authority prescribes, be sold at prices, at public or private  
50 sale, and in a manner as the authority prescribes, and the authority  
51 may pay all expenses, premiums and commissions which it deems nec-  
52 essary or advantageous in connection with the issuance and sale, and  
53 be issued under and subject to the terms, conditions and covenants

54 providing for the payment of the principal, redemption premiums, if  
55 any, interest and other terms, conditions, covenants and protective  
56 provisions safeguarding payment, not inconsistent with this Act, as are  
57 found to be necessary by the authority for the most advantageous sale,  
58 which may include, but are not limited to, covenants with the holders  
59 of the bonds as to:

60 (1) Pledging or creating a lien, to the extent provided by the resolu-  
61 tion, on moneys or property of the authority or moneys held in trust or  
62 otherwise by others to secure the payment of the bonds.

63 (2) Providing for the custody, collection, securing, investment and  
64 payment of any moneys of or due to the authority.

65 (3) The setting aside of reserves or sinking funds and the regulation  
66 or disposition of them.

67 (4) Limitations on the purpose to which the proceeds of sale of an is-  
68 sue of bonds then or thereafter to be issued may be applied.

69 (5) Limitations on the issuance of additional bonds and on the re-  
70 funding of outstanding or other bonds.

71 (6) The procedure by which the terms of a contract with the holders  
72 of bonds may be amended or abrogated, the amount of bonds the hold-  
73 ers of which must consent thereto and the manner in which consent  
74 may be given.

75 (7) The creation of special funds into which moneys of the authority  
76 may be deposited.

77 (8) Vesting in a trustee properties, rights, powers and duties in trust  
78 as the authority determines, which may include the rights, powers and  
79 duties of the trustee appointed for the holders of any issue of bonds  
80 pursuant to section twenty-eight (28) of this Act, in which event the  
81 provisions of that section authorizing appointment of a trustee by the  
82 holders of bonds shall not apply, or limiting or abrogating the right of  
83 the holders of bonds to appoint a trustee under that section, or limit-  
84 ing the rights, duties and powers of the trustee.

85 (9) Defining the acts or omissions which constitute a default in the  
86 obligations and duties of the authority and providing for the rights  
87 and remedies of the holders of bonds in the event of a default. How-  
88 ever, rights and remedies shall be consistent with the laws of this state  
89 and other provisions of this Act.

90 (10) Any other matters which affect the security and protection of  
91 the bonds and the rights of the holders.

92 5. The authority may issue its bonds for the purpose of refunding  
93 any bonds or notes of the authority then outstanding, including the  
94 payment of any redemption premiums thereon and any interest ac-  
95 crued or to accrue to the date of redemption of the outstanding bonds  
96 or notes. Until the proceeds of bonds issued for the purpose of refund-  
97 ing outstanding bonds or notes are applied to the purchase or retire-  
98 ment of outstanding bonds or notes or the redemption of outstanding  
99 bonds or notes, the proceeds may be placed in escrow and be invested  
100 and reinvested in accordance with the provisions of this Act. The inter-  
101 est, income and profits earned or realized on an investment may also  
102 be applied to the payment of the outstanding bonds or notes to be re-  
103 funded by purchase, retirement or redemption. After the terms of the  
104 escrow have been fully satisfied and carried out, any balance of pro-  
105 ceeds and interest earned or realized on the investments may be re-  
106 turned to the authority for use by it in any lawful manner. All  
107 refunding bonds shall be issued and secured and subject to the provi-  
108 sions of this Act in the same manner and to the same extent as other  
109 bonds issued pursuant to this Act.

110 6. The authority may issue negotiable bond anticipation notes and  
 111 may renew them from time to time but the maximum maturity of the  
 112 notes, including renewals, shall not exceed ten years from the date of  
 113 issue of the original notes. Notes are payable from any available  
 114 moneys of the authority not otherwise pledged, or from the proceeds of  
 115 the sale of bonds of the authority in anticipation of which the notes  
 116 were issued. Notes may be issued for any corporate purpose of the au-  
 117 thority. Notes shall be issued in the same manner as bonds, and notes  
 118 and the resolution authorizing them may contain any provisions, con-  
 119 ditions or limitations, not inconsistent with the provisions of this sub-  
 120 section, which the bonds or a bond resolution of the authority may  
 121 contain. Notes may be sold at public or private sale. In case of default  
 122 on its notes or violation of any obligations of the authority to the  
 123 noteholders, the noteholders shall have all the remedies provided in  
 124 this Act for bondholders. Notes shall be as fully negotiable as bonds of  
 125 the authority.

126 7. A copy of each pledge agreement by or to the authority, includ-  
 127 ing without limitation each bond resolution, indenture of trust or simi-  
 128 lar agreement, or any revisions or supplements to it shall be filed with  
 129 the secretary of state and no further filing or other action under sec-  
 130 tion five hundred fifty-four point nine thousand one hundred one  
 131 (554.9101) through five hundred fifty-four point nine thousand five  
 132 hundred seven (554.9507) of the Code, article nine (9) of the uniform  
 133 commercial code, or any other law of the state shall be required to per-  
 134 fect the security interest in the collateral or any additions to it or sub-  
 135 stitutions for it, and the lien and trust so created shall be binding from  
 136 and after the time made against all parties having claims of any kind  
 137 in tort, contract, or otherwise against the pledgor.

138 8. Neither the members of the authority nor any person executing its  
 139 bonds, notes or other obligations shall be liable personally on the  
 140 bonds, notes, or other obligations or be subject to any personal liability  
 141 or accountability by reason of the issuance of the authority's bonds or  
 142 notes.

1 SEC. 27. NEW SECTION. **Reserve funds and appropriations.**

2 1. The authority may create and establish one or more special funds,  
 3 to be known as "bond reserve funds", and shall pay into each bond re-  
 4 serve fund any moneys appropriated and made available by the state  
 5 for the purpose of the fund, any proceeds of sale of notes or bonds to  
 6 the extent provided in the resolutions of the authority authorizing  
 7 their issuance, and any other moneys which may be available to the  
 8 authority for the purpose of the fund from any other sources. All  
 9 moneys held in a bond reserve fund, except as otherwise provided in  
 10 this Act, shall be used as required solely for the payment of the princi-  
 11 pal of bonds secured in whole or in part by the fund or of the sinking  
 12 fund payments with respect to the bonds, the purchase or redemption  
 13 of the bonds, the payment of interest on the bonds or the payments of  
 14 any redemption premium required to be paid when the bonds are re-  
 15 deemed prior to maturity.

16 2. Moneys in a bond reserve fund shall not be withdrawn from it at  
 17 any time in an amount that will reduce the amount of the fund to less  
 18 than the bond reserve fund requirement established for the fund, as  
 19 provided in this section, except for the purpose of making, with respect  
 20 to bonds secured in whole or in part by the fund, payment when due of  
 21 principal, interest, redemption premiums and the sinking fund pay-  
 22 ments with respect to the bonds for the payment of which other  
 23 moneys of the authority are not available. Any income or interest

24 earned by, or incremental to, a bond reserve fund due to the invest-  
25 ment of it may be transferred by the authority to other funds or ac-  
26 counts of the authority to the extent the transfer does not reduce the  
27 amount of that bond reserve fund below the bond reserve fund require-  
28 ment for it.

29 3. The authority shall not at any time issue bonds, secured in whole  
30 or in part by a bond reserve fund if, upon the issuance of the bonds,  
31 the amount in the bond reserve fund will be less than the bond reserve  
32 fund requirement for the fund, unless the authority at the time of issu-  
33 ance of the bonds deposits in the fund from the proceeds of the bonds  
34 issued or from other sources an amount which, together with the  
35 amount then in the fund will not be less than the bond reserve fund re-  
36 quirement for the fund. For the purposes of this section, the term  
37 "bond reserve fund requirement" means, as of any particular date of  
38 computation, an amount of money, as provided in the resolutions of  
39 the authority authorizing the bonds with respect to which the fund is  
40 established, equal to not more than ten percent of the outstanding  
41 principal amount of bonds of the authority secured in whole or in part  
42 by the fund.

43 4. To assure the continued operation and solvency of the authority  
44 for the carrying out of its corporate purposes, provision is made in sub-  
45 section one (1) of this section for the accumulation in each bond reserve  
46 fund of an amount equal to the bond reserve fund requirement for the  
47 fund. In order further to assure maintenance of the bond reserve funds,  
48 the chairman of the authority shall, on or before July first of each cal-  
49 endar year, make and deliver to the governor his certificate stating the  
50 sum, if any, required to restore each bond reserve fund to the bond re-  
51 serve fund requirement for that fund. Within thirty days after the be-  
52 ginning of the session of the general assembly next following the  
53 delivery of the certificate, the governor may submit to both houses  
54 printed copies of a budget including the sum, if any, required to re-  
55 store each bond reserve fund to the bond reserve fund requirement for  
56 that fund. Any sums appropriated by the general assembly and paid to  
57 the authority pursuant to this section shall be deposited by the author-  
58 ity in the applicable bond reserve fund.

59 5. All amounts paid over to the authority by the state pursuant to  
60 the provisions of this section shall constitute and be accounted for as  
61 advances by the state to the authority and, subject to the rights of the  
62 holders of any bonds or notes of the authority theretofore or thereafter  
63 issued, shall be repaid to the state without interest from all available  
64 operating revenues of the authority in excess of amounts required for  
65 the payment of bonds, notes or obligations of the authority, the bond  
66 reserve fund and operating expenses.

1 SEC. 28. NEW SECTION. **Remedies of bondholders and notehold-**  
2 **ers.**

3 1. If the authority defaults in the payment of principal or interest  
4 on an issue of bonds or notes after they become due, whether at matu-  
5 rity or upon call for redemption, and the default continues for a period  
6 of thirty days, or if the authority fails or refuses to comply with the  
7 provisions of this Act, or defaults in an agreement made with the hold-  
8 ers of an issue of bonds or notes, the holders of twenty-five percent in  
9 aggregate principal amount of bonds or notes of the issue then out-  
10 standing, by instrument filed in the office of the clerk of the county in  
11 which the principal office of the authority is located, and proved or ac-  
12 knowledged in the same manner as a deed to be recorded, may appoint  
13 a trustee to represent the holders of the bonds or notes for the purposes  
14 provided in this section.



15 2. The authority or any trustee appointed under the indenture un-  
 16 der which the bonds are issued may, and upon written request of the  
 17 holders of twenty-five percent in aggregate principal amount of the is-  
 18 sue of bonds or notes then outstanding shall:

19 a. Enforce all rights of the bondholders or noteholders, including the  
 20 right to require the authority to carry out its agreements with the hold-  
 21 ers and to perform its duties under this Act.

22 b. Bring suit upon the bonds or notes.

23 c. By action require the authority to account as if it were the trustee  
 24 of an express trust for the holders.

25 d. By action enjoin any acts or things which are unlawful or in vio-  
 26 lation of the rights of the holders.

27 e. Declare all the bonds or notes due and payable and if all defaults  
 28 are made good then with the consent of the holders of twenty-five per-  
 29 cent of the aggregate principal amount of the issue of bonds or notes  
 30 then outstanding, annul the declaration and its consequences.

31 3. The trustee shall also have and possess all powers necessary or ap-  
 32 propriate for the exercise of functions specifically set forth or incident  
 33 to the general representation of bondholders or noteholders in the en-  
 34 forcement and protection of their rights.

35 4. Before declaring the principal of bonds or notes due and payable,  
 36 the trustee shall first give thirty days notice in writing to the governor,  
 37 to the authority and to the attorney general of the state.

38 5. The district court has jurisdiction of any action by the trustee on  
 39 behalf of bondholders or noteholders. The venue of the action shall be  
 40 in the county in which the principal office of the authority is located.

1 SEC. 29. NEW SECTION. **Agreement of the state.** The state of  
 2 Iowa pledges to and agrees with the holders of any bonds or notes is-  
 3 sued under this Act that the state will not limit or alter the rights vest-  
 4 ed in the authority to fulfill the terms of agreements made with the  
 5 holders or in any way impair the rights and remedies of the holders  
 6 until the bonds or notes together with the interest on them, plus inter-  
 7 est on unpaid installments of interest, and all costs and expenses in  
 8 connection with an action by or on behalf of the holders, are fully met  
 9 and discharged. The authority may include this pledge and agreement  
 10 of the state of Iowa in any agreement with the holders of bonds or  
 11 notes.

1 SEC. 30. NEW SECTION. **Bonds and notes as legal invest-**  
 2 **ments.** Bonds and notes of the authority are securities in which pub-  
 3 lic officers, state departments and agencies, political subdivisions,  
 4 insurance companies, and other persons carrying on an insurance busi-  
 5 ness, banks, trust companies, savings and loan associations, investment  
 6 companies and other persons carrying on a banking business, adminis-  
 7 trators, executors, guardians, conservators, trustees and other fiduciar-  
 8 ies, and other persons authorized to invest in bonds or other  
 9 obligations of this state, may properly and legally invest funds includ-  
 10 ing capital in their control or belonging to them. The bonds and notes  
 11 are also securities which may be deposited with and may be received  
 12 by public officers, state departments and agencies, and political subdi-  
 13 visions, for any purpose for which the deposit of bonds or other obliga-  
 14 tions of this state is authorized.

1 SEC. 31. NEW SECTION. **Moneys of the authority.**

2 1. Moneys of the authority from whatever source derived, except as  
 3 otherwise provided in this Act, shall be paid to the authority and shall  
 4 be deposited in a bank or other financial institution designated by the  
 5 authority. The moneys shall be withdrawn on the order of the person

6 authorized by the authority. Deposits shall, if required by the authori-  
 7 ty, be secured in the manner determined by the authority. The auditor  
 8 of state and his legally authorized representatives may periodically ex-  
 9 amine the accounts and books of the authority, including its receipts,  
 10 disbursements, contracts, leases, sinking funds, investments and any  
 11 other records and papers relating to its financial standing, and the au-  
 12 thority shall not be required to pay a fee for the examination.

13 2. The authority may contract with holders of its bonds or notes as  
 14 to the custody, collection, security, investment, and payment of  
 15 moneys of the authority, of moneys held in trust or otherwise for the  
 16 payment of bonds or notes, and to carry out the contract. Moneys held  
 17 in trust or otherwise for the payment of bonds or notes or in any way  
 18 to secure bonds or notes and deposits of the moneys may be secured in  
 19 the same manner as moneys of the authority, and banks and trust com-  
 20 panies may give security for the deposits.

21 3. Subject to the provisions of any contract with bondholders or  
 22 noteholders and to the approval of the state comptroller, the authority  
 23 shall prescribe a system of accounts.

24 4. The authority shall submit to the governor, the auditor of state,  
 25 and the state comptroller, within thirty days of its receipt by the au-  
 26 thority, a copy of the report of every external examination of the  
 27 books and accounts of the authority other than copies of the reports of  
 28 examinations made by the auditor of state.

1 SEC. 32. NEW SECTION. **Limitation of liability.** Neither the  
 2 members of the authority, nor persons acting in its behalf, while acting  
 3 within the scope of their employment or agency, are subject to person-  
 4 al liability resulting from carrying out the powers and duties given in  
 5 this Act.

1 SEC. 33. NEW SECTION. **Assistance by state officers, agencies  
 2 and departments.**

3 1. State officers and state departments and agencies may render ser-  
 4 vices to the authority within their respective functions as requested by  
 5 the authority.

1 SEC. 34. NEW SECTION. **Liberal interpretation.** This Act, being  
 2 necessary for the welfare of this state and its inhabitants, shall be liber-  
 3 ally construed to effect its purposes.

1 SEC. 35. NEW SECTION. **Conflicts of interest.**

2 1. If a member or employee other than the executive director of the  
 3 authority has an interest, either direct or indirect, in a contract to  
 4 which the authority is, or is to be, a party, or in a mortgage lender re-  
 5 questing a loan from, or offering to sell mortgage loans to, the authori-  
 6 ty, the interest shall be disclosed to the authority in writing and shall  
 7 be set forth in the minutes of the authority. The member or employee  
 8 having the interest shall not participate in action by the authority with  
 9 respect to that contract or mortgage lender.

10 2. Nothing in this section shall be deemed to limit the right of a  
 11 member, officer or employee of the authority to acquire an interest in  
 12 bonds or notes of the authority or to limit the right of a member or  
 13 employee other than the executive director to have an interest in a  
 14 bank or other financial institution in which the funds of the authority  
 15 are, or are to be, deposited or which is, or is to be, acting as trustee or  
 16 paying agent under a trust indenture to which the authority is a party.

17 3. The executive director shall not have an interest in a bank or oth-  
 18 er financial institution in which the funds of the authority are, or are  
 19 to be, deposited or which is, or is to be, acting as trustee or paying

20 agent under a trust indenture to which the authority is a party. The  
 21 executive director shall not receive, in addition to fixed salary or com-  
 22 pensation, any money or valuable thing, either directly or indirectly,  
 23 or through any substantial interest in any other corporation or business  
 24 unit, for negotiating, procuring, recommending or aiding in any pur-  
 25 chase or sale of property, or loan, made by the authority, nor shall the  
 26 executive director be pecuniarily interested, either as principal, coprin-  
 27 cipal, agent or beneficiary, either directly or indirectly, or through any  
 28 substantial interest in any other corporation or business unit, in any  
 29 such purchase, sale or loan.

1 SEC. 36. NEW SECTION. **Exemption from competitive bid**  
 2 **laws.** The authority and all contracts made by it in carrying out its  
 3 public and essential governmental functions under sections twelve (12)  
 4 through sixteen (16), eighteen (18), twenty (20) and twenty-one (21) of  
 5 this Act, shall be exempt from the provisions and requirements of all  
 6 laws of the state which provide for competitive bids in connection with  
 7 such contracts.

1 SEC. 37. Section twelve point ten (12.10), Code 1975, is amended to  
 2 read as follows:

3 **12.10 Deposits by state officers.** All elective and appointive  
 4 state officers, boards, commissions, and departments, except the state  
 5 fair board, the state board of regents, Iowa state commerce commis-  
 6 sion, and the commissioner of the department of social services, shall,  
 7 within ten days succeeding the collection thereof, deposit, with the  
 8 treasurer of state, or to the credit of said treasurer in any depository by  
 9 him designated, ninety percent of all fees, commissions, and moneys  
 10 collected or received; the balance actually collected in cash, remaining  
 11 in the hands of any officer, board, or department shall not exceed the  
 12 sum of five thousand dollars and no money collected shall be held  
 13 more than thirty days. *This section does not apply to the Iowa hous-*  
 14 *ing finance authority.*

1 SEC. 38. Section three hundred sixty-four point seven (364.7), sub-  
 2 section three (3), Code 1975, is amended to read as follows:

3 3. A city may not dispose of real property by gift except to a gov-  
 4 ernmental body for a public purpose. *However, a city may dispose of*  
 5 *real property for use in an Iowa homesteading program under sec-*  
 6 *tion fourteen (14) of this Act for a nominal consideration, includ-*  
 7 *ing but not limited to property in an urban renewal area.*

1 SEC. 39. Section four hundred three A point three (403A.3), Code  
 2 1975, is amended by adding the following new subsection:

3 NEW SUBSECTION. To cooperate with the Iowa housing finance au-  
 4 thority, to participate in any of its programs, to use any of the funds  
 5 available to the municipality for the uses of this chapter to contribute  
 6 to such programs in which it participates, and to comply with the pro-  
 7 visions of sections one (1) through thirty-six (36) of this Act and the  
 8 rules of the Iowa housing finance authority promulgated thereunder.

1 SEC. 40. Chapter four hundred forty-six (446), Code 1975, is amend-  
 2 ed by adding the following new section:

3 NEW SECTION. A city or county, a city or county agency as autho-  
 4 rized by the Iowa housing finance authority, or the Iowa housing fi-  
 5 nance authority may file with the treasurer a verified statement that a  
 6 parcel of property to be sold at tax sale is abandoned and deteriorating  
 7 in condition, or is inhabited but is not safe for human habitation, or is  
 8 or is likely to become a public nuisance, and that the property is suit-

9 able for use and is to be used in an Iowa homesteading project under  
 10 section fourteen (14) of this Act. Other information may be included.  
 11 Upon proper filing of the statement, and if the property is offered at  
 12 any tax sale and no bid is received, or if the bid received is less than  
 13 the total amount of the delinquent general taxes, interest, penalties  
 14 and costs, or if the property is to be transferred to the county under  
 15 section four hundred forty-six point thirty-eight (446.38) of the Code,  
 16 the city, county, city or county agency, or Iowa housing finance au-  
 17 thority may bid for the property for use in an Iowa homesteading proj-  
 18 ect, bidding a sum equal to the total amount of all delinquent general  
 19 taxes, interest, penalties and costs charged against the property. Each  
 20 of the tax-levying and tax-certifying bodies having an interest in the  
 21 taxes for which the property is sold shall be charged with the full  
 22 amount of all delinquent taxes due to it, as its share of the purchase  
 23 price.

1 SEC. 41. Section four hundred forty-six point seven (446.7), unnum-  
 2 bered paragraph two (2), Code 1975, is amended to read as follows:  
 3 Property of municipal and political subdivisions of the state of Iowa  
 4 *and property held by a city or county agency or the Iowa housing*  
 5 *finance authority for use in an Iowa homesteading project*, shall not  
 6 be offered or sold at tax sale and any purported tax sale thereof shall  
 7 be void from its inception. Whenever delinquent taxes are owing  
 8 against property owned or claimed by any municipal or political subdivi-  
 9 sion of the state of Iowa, *or property held by a city or county agen-*  
 10 *cy or the Iowa housing finance authority for use in an Iowa*  
 11 *homesteading project*, the treasurer shall give notice to the governing  
 12 body thereof which shall then pay the amount of the due and delin-  
 13 quent taxes from its general fund. In the event such governing body  
 14 fails to make payment upon such notice, the collection and enforce-  
 15 ment of the taxes, penalty, interest and costs shall be suspended for so  
 16 long as the property shall remain in public ownership, *and for so long*  
 17 *as the property is the subject of a conditional conveyance under an*  
 18 *Iowa homesteading project*, but the same may be collected and en-  
 19 forced against the property in the event of its subsequent sale by such  
 20 municipal or political subdivision, *agency, or authority*, to a private  
 21 purchaser. *However, such taxes, penalty, interest and costs shall be*  
 22 *canceled if the property is the subject of an absolute conveyance of*  
 23 *the fee to a holder of the conditional conveyance granted under an*  
 24 *Iowa homesteading project*. No penalty, interest or costs shall be add-  
 25 ed during such period of public ownership *or while the property is the*  
 26 *subject of a conditional conveyance under an Iowa homesteading*  
 27 *project*.

1 SEC. 42. Section four hundred forty-seven point nine (447.9), Code  
 2 1975, is amended to read as follows:

3 **447.9 Notice of expiration of right of redemption.** After two  
 4 years and nine months from the date of sale, or after nine months from  
 5 the date of a sale made under the provisions of section 446.18 ~~or~~, sec-  
 6 tion 446.38, *or section forty (40) of this Act*, the holder of the certifi-  
 7 cate of purchase may cause to be served upon the person in possession  
 8 of such real estate, and also upon the person in whose name the same  
 9 is taxed, if such person resides in the county where the land is situated,  
 10 in the manner provided for the service of original notices, a notice  
 11 signed by him, his agent, or attorney, stating the date of sale, the de-  
 12 scription of the property sold, the name of the purchaser, and that the  
 13 right of redemption will expire and a deed for the land be made unless  
 14 redemption is made within ninety days from the completed service

15 thereof. When said notice is given by a county as a holder of a certifi-  
 16 cate of purchase the notice shall be signed by the county auditor, *and*  
 17 *when given by a city, it shall be signed by the city officer designat-*  
 18 *ed by resolution of the council. When the notice is given by the Iowa*  
 19 *housing finance authority or a city or county agency holding the*  
 20 *property as part of an Iowa homesteading project, it shall be signed*  
 21 *on behalf of the agency or authority by one of its officers, as autho-*  
 22 *rized in rules of the agency or authority.* Service of such notice shall  
 23 also be made by certified mail on any mortgagee, or his assignee, of  
 24 record, whether the resident or nonresident of the county, if his address is  
 25 disclosed by the recorded instrument or by a certificate showing the ad-  
 26 dress of the mortgagee or assignee duly filed with the recorder, or the  
 27 state of Iowa in case of an old-age assistance lien by service upon the  
 28 state department of social services. Such notice shall also be served on  
 29 any city where such real estate is situated.

1 SEC. 43. Section four hundred forty-seven point twelve (447.12),  
 2 Code 1975, is amended to read as follows:

3 **447.12 When service deemed complete—presumption.** Service  
 4 shall be complete only after an affidavit has been filed with the treas-  
 5 urer, showing the making of the service, the manner thereof, the time  
 6 when and place where made, and under whose direction the same was  
 7 made; such affidavit to be made by the holder of the certificate or by  
 8 his agent or attorney, and in either of the latter cases stating that such  
 9 affiant is the agent or attorney, as the case may be, of the holder of  
 10 such certificate; which affidavit shall be filed by the treasurer and en-  
 11 tered upon the sale book opposite the entry of the sale, and said record  
 12 or affidavit shall be presumptive evidence of the completed service of  
 13 said notice, and the right of redemption shall not expire until ninety  
 14 days after service is complete. *When the property is held by a city or*  
 15 *county, a city or county agency, or the Iowa housing finance au-*  
 16 *thority, for use in an Iowa homesteading project, whether or not the*  
 17 *property is the subject of a conditional conveyance granted under*  
 18 *the project, the affidavit shall be made by the county auditor of the*  
 19 *county, a city officer designated by resolution of the council, or on*  
 20 *behalf of the agency or authority, by one of its officers as autho-*  
 21 *rized in rules of the agency or authority.*

1 SEC. 44. Section four hundred forty-seven point thirteen (447.13),  
 2 Code 1975, is amended to read as follows:

3 **447.13 Cost—fee—report.** The cost of serving the notice and affi-  
 4 davit of publication shall be added to the amount necessary to redeem.  
 5 The fee for serving the notice shall be the same as for service of an  
 6 original notice, including copy fee and mileage. The treasurer shall,  
 7 upon the filing of proof of service and statement of costs, forthwith re-  
 8 port the same in writing to the auditor, who shall enter it on the sale  
 9 book against the proper tract of real estate. The holder of the certifi-  
 10 cate of sale or his agent may report in writing to the county auditor  
 11 the amount of costs incurred in giving such notice, and the auditor  
 12 shall enter the same in the sale book. No redemption shall be complete  
 13 until such costs are paid. *If the property is held by a city or coun-*  
 14 *ty, a city or county agency, or the Iowa housing finance authority,*  
 15 *for use in an Iowa homesteading project, whether or not the proper-*  
 16 *ty is the subject of a conditional conveyance granted under the proj-*  
 17 *ect, the costs incurred for repairs and rehabilitation work required*  
 18 *and undertaken in order to make the property meet applicable*  
 19 *building or housing code standards shall be added to the amount*  
 20 *necessary to redeem, and no redemption shall be complete until*  
 21 *such costs are paid.*

1 SEC. 45. Chapter four hundred seventy-two (472), Code 1975, is  
2 amended by adding the following new section:

3 NEW SECTION. **Procedure for homesteading projects.** If the pur-  
4 pose of condemnation is to obtain property for use as part of an Iowa  
5 homesteading project under section fourteen (14) of this Act, the appli-  
6 cation required under section four hundred seventy-two point three  
7 (472.3) of the Code may contain a verified statement that the property  
8 sought to be condemned is abandoned and deteriorating in condition,  
9 or is inhabited but is not safe for human habitation, or is or is likely to  
10 become a public nuisance, and that the property is suitable for use and  
11 is to be used in an Iowa homesteading project. Other information may  
12 be included. The statement must be verified by the Iowa housing fi-  
13 nance authority or by a local agency authorized under rules of the au-  
14 thority. Upon proper filing of the statement and the report of the  
15 condemnation commission assessing damages, and deposit of the  
16 amount assessed with the sheriff, the applicant for condemnation may  
17 take possession as provided in section four hundred seventy-two point  
18 twenty-five (472.25) of the Code if the property is abandoned, or may  
19 take steps to obtain possession after ninety days from the date of the  
20 filing of the statement, report, and deposit, if the property is inhabit-  
21 ed.

1 SEC. 46. Section five hundred twenty-four point nine hundred five  
2 (524.905), subsection six (6), is amended by adding the following new  
3 paragraph:

4 NEW PARAGRAPH. Loans made to families of low or moderate in-  
5 come as a part of programs authorized in sections one (1) through  
6 thirty-six (36) of this Act and approved by the Iowa housing finance  
7 authority.

1 SEC. 47. Section five hundred thirty-three point sixteen (533.16),  
2 unnumbered paragraph two (2), Code 1975, is amended to read as fol-  
3 lows:

4 The foregoing restrictions or limitations shall not prevent the renew-  
5 al or extension of loans and shall not apply to loans which are secured  
6 under the provisions of the national housing Act, as amended, *or to*  
7 *loans made to families of low or moderate income as a part of pro-*  
8 *grams authorized in sections one (1) through thirty-six (36) of this*  
9 *Act and approved by the Iowa housing finance authority.*

1 SEC. 48. Section five hundred thirty-four point twenty-one (534.21),  
2 subsection one (1), Code 1975, is amended to read as follows:

3 1. Loan plans. Real estate loans may be made as authorized by this  
4 chapter, or upon any other loan plan approved by the supervisor. No  
5 real estate loan shall be made until two qualified persons or one profes-  
6 sional appraiser selected by the board of directors shall have submitted  
7 a signed appraisal of the real estate securing such loan. If it is an unin-  
8 sured mortgage no such loan shall be made to exceed ninety percent of  
9 said appraised value. Any loans insured by the federal housing admin-  
10 istration or which are guaranteed by the Servicemen's Readjustment  
11 Act of 1944 (58 Stat. L. 291; repealed; now covered by 37 U.S.C. sub-  
12 section 1801 to 1824 inc.), as amended, or which are guaranteed or in-  
13 sured, in whole or in part, by any other duly constituted federal  
14 instrumentality or private corporation approved by the federal home  
15 loan bank or the supervisor which qualify for such insurance or guaran-  
16 tee, *or loans made to families of low or moderate income as a part*  
17 *of programs authorized in sections one (1) through thirty-six (36) of*  
18 *this Act and approved by the Iowa housing finance authority, may*

19 be made regardless of the requirements for other loans otherwise con-  
20 tained in this section.

21 Payments on real estate loans shall be applied first to the payment  
22 of interest of the unpaid balance of the loan and the remainder to the  
23 reduction of principal; provided that if the loan is in default in any  
24 manner, payments may be applied by the mortgagee in any manner  
25 approved by the association and provided by the contract between the  
26 parties.

27 If agreed in writing by written instrument separate from the note  
28 and mortgage at any time after execution of the note and mortgage,  
29 any prepayment of an installment may be applied on the final install-  
30 ment of the note or other obligation until fully paid, and thereafter on  
31 the installments in the inverse order of their maturity.

1 SEC. 49. Section five hundred sixty-nine point eight (569.8), Code  
2 1975, is amended to read as follows:

3 **569.8 Title under tax deed—sale—apportionment of pro-**  
4 **ceeds.** When the county acquires title to real estate by virtue of a tax  
5 deed such real estate shall be controlled, managed, and sold by the  
6 board of supervisors as provided in this chapter, ~~except that any sale~~  
7 ~~thereof shall be for a sum not less than the total amount stated in the~~  
8 ~~tax sale certificate including all endorsements of subsequent general~~  
9 ~~taxes, interests, and costs, without the written approval of the tax-levy-~~  
10 ~~ing and tax certifying bodies having a majority interest in said general~~  
11 ~~taxes. However, where the total amount stated in the tax sale certifi-~~  
12 ~~cate including all endorsements of subsequent general taxes, interests,~~  
13 ~~and costs does not exceed two hundred fifty dollars, such real estate~~  
14 ~~may be sold by the board of supervisors without the written approval~~  
15 ~~of any of the tax-levying and tax certifying bodies having any interest~~  
16 ~~in said general taxes. All money received from said real estate either as~~  
17 ~~rent or as proceeds from the sale thereof shall, after payment of any~~  
18 ~~general taxes which have accrued against said real estate since said tax~~  
19 ~~sale and after payment of insurance premiums on any buildings locat-~~  
20 ~~ed on said real estate and after expenditures made for the actual and~~  
21 ~~necessary repairs and upkeep of said real estate, be apportioned to the~~  
22 ~~tax-levying and certifying bodies in proportion to their interests in the~~  
23 ~~taxes for which said real estate was sold. Real property sold under this~~  
24 ~~section shall be sold at public auction and not by use of sealed bids,~~  
25 ~~but only after notice thereof has been published ~~once~~ twice, on differ-~~  
26 ~~ent dates, in a newspaper or newspapers of general circulation in the~~  
27 ~~county wherein the property is located, stating the description of the~~  
28 ~~property to be sold and the date, place and time of such sale, at least~~  
29 ~~ten days, but not more than fifteen days prior to the date of such sale.~~  
30 *The board of supervisors may transfer title to real estate acquired*  
31 *by virtue of a tax deed to a city, a city agency, or to the Iowa hous-*  
32 *ing finance authority for use in an Iowa homesteading project un-*  
33 *der section fourteen (14) of this Act and they need not comply with*  
34 *the provisions of this section.*

Approved June 13, 1975