

ranking members of the house and senate appropriations committees, and co-chairpersons and ranking members of the joint appropriations subcommittee that handled the appropriation for the department during the past legislative session. The department may pay from the fund for the operation, maintenance, and improvement of farms and agricultural or nursery property under the control of the department. Notwithstanding section 8.33, unencumbered or unobligated receipts in the revolving farm fund at the end of a fiscal year shall not revert to the general fund of the state.

The department of social services shall annually prepare a financial statement to provide for an accounting of the funds in the revolving farm fund. The financial statement shall be filed with the legislative fiscal bureau on or before February 1 each year.

Sec. 2. Section 218.78, subsection 1, Code 1981, is amended to read as follows:

1. All institutional receipts of the department of social services shall be deposited in the general fund except for receipts deposited in the revolving farm fund under section 218.74, and rentals charged to employees or others for room, apartment, or house and meals, which shall be available to the institutions, ~~and except for receipts from farm products which shall be used for necessary farm expenses and repair.~~

Sec. 3. Section 218.73, unnumbered paragraph 2, Code 1981, is amended by striking the unnumbered paragraph.

Sec. 4. Section 218.101, Code 1981, and Acts of the Sixty-eighth General Assembly, 1980 Session, chapter 1060, section 1, are repealed.

Approved June 13, 1981

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CHAPTER 76  
HOUSING FINANCE AUTHORITY  
S. F. 425

AN ACT relating to the Iowa housing finance authority and its records, loans, lending practices, and quorum requirements.

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

Section 1. Section 220.1, Code 1981, is amended by adding the following new subsection:

**NEW SUBSECTION.** When used in the context of an assumption of a loan, "assume" or "assumed" mean\* any type of transaction involving the sale or transfer of an ownership interest in real estate financed by the authority, whether the conveyance involves a transfer by deed or real estate contract or some other device.

Sec. 2. Section 220.2, subsection 3, Code 1981, is amended to read as follows:

\*According to enrolled Act

3. Five members of the authority constitute a quorum and the affirmative vote of ~~at-least-five~~ a majority of the appointed members is necessary for any substantive action taken by the authority. The majority shall not include any member who has a conflict of interest and a statement by a member of a conflict of interest shall be conclusive for this purpose. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the authority.

Sec. 3. Section 220.12, subsection 2, Code 1981, is amended to read as follows:

2. A property improvement loan or mortgage loan under this section may be made only when the authority determines that the housing sponsor is unable to obtain the necessary financing from ~~either~~ nongovernmental sources upon terms and conditions which the sponsor reasonably could be expected to fulfill.

Sec. 4. Section 220.18, subsection 2, unnumbered paragraph 1, Code 1981, is amended to read as follows:

The authority may make or participate in the making of property improvement loans or mortgage loans for rehabilitation or preservation of existing dwellings for the use of low or moderate income families, elderly families or families which include one or more persons who are handicapped or disabled. A rehabilitation or preservation loan may be for the estimated cost of the rehabilitation work to be done, for the purpose of refinancing an existing mortgage loan, for the purpose of doing the rehabilitation work, or for the purpose of acquiring housing in which rehabilitation work is to be done. The rehabilitation or preservation loan shall not exceed, with all other existing indebtedness of the property, the estimated market value of the property as determined by the authority, after the rehabilitation or preservation is completed, and the term of a loan shall not exceed the estimated useful life of the property as determined by the authority, after rehabilitation or preservation. The proposed rehabilitation or preservation shall assure that the property will not contain any substantial violation of applicable housing codes. A rehabilitation or preservation loan under this subsection may be made only when the authority determines that the proposed mortgagor is unable to obtain the necessary financing from ~~either~~ nongovernmental sources upon terms and conditions which the proposed mortgagor reasonably could be expected to fulfill. A rehabilitation or preservation loan under this subsection may be provided only within an area of a city for which an authorized city agency submits a satisfactory affirmative neighborhood preservation program, or in other areas within or outside of cities where the authority determines that rehabilitation or preservation is economically sound and a program of neighborhood preservation is appropriate. The following criteria, along with others reasonably related to the purposes of this chapter, which may be determined by the authority, shall be considered in determining whether an affirmative neighborhood preservation program is satisfactory:

Sec. 5. Section 220.38, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Any sale of a residence securing a mortgage loan financed by the authority, either directly or indirectly, must be reported to the authority by the borrower.

Sec. 6. Chapter 220, Code 1981, is amended by adding the following new section:

NEW SECTION. INCONSISTENT PROVISIONS. This chapter takes precedence over any conflicting provisions contained in section 535.8, subsection 2, with respect to the use or enforcement of a due-on-sale or similar clause in a mortgage loan agreement, and takes precedence over any conflicting provisions contained in laws enacted after the effective date of this Act with respect to the use or enforcement of a due-on-sale or similar clause in a mortgage loan agreement unless those laws expressly provide that they take precedence over this chapter.

Sec. 7. Chapter 220, Code 1981, is amended by adding the following new section:

NEW SECTION. The authority shall be the agency of this state to designate "areas of economic distress" for purposes of section 103A(k)(3)(A)(i) of the United States Internal Revenue Code of 1954, as amended.

Sec. 8. Section 537.1301, subsection 14, paragraph b, Code 1981, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. A loan financed by the Iowa housing finance authority and secured by a lien on land.

Approved May 18, 1981

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CHAPTER 77  
IOWA HOUSING FINANCE AUTHORITY  
S. F. 355

AN ACT requiring the Iowa housing finance authority to expend at least fifty percent of proceeds from bond sales for the construction of new housing.

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

Section 1. Chapter 220, Code 1981, is amended by adding the following new section:

NEW SECTION. NEW CONSTRUCTION REQUIREMENT. The authority shall insure that fifty percent or more of the proceeds from sales of obligations of the authority in each three-year period beginning July 1, 1981, are newly constructed housing units. Failure to comply with this requirement does not invalidate any bonds, notes, or other obligations of the authority, but in the event of noncompliance with this requirement the authority shall make a special report to the governor and to the general assembly as to the reasons for noncompliance, and the authority shall not commit further funds for housing units that do not help meet this requirement until this requirement is reached, other than to complete projects already started.

Approved May 8, 1981