

**CHAPTER 54**

## IOWA FINANCE AUTHORITY — MISCELLANEOUS CHANGES

S.F. 431

**AN ACT** relating to programs, funds, authority, and duties of the Iowa finance authority.

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

Section 1. Section 8A.201, subsection 4, Code 2007, is amended by adding the following new paragraph:

NEW PARAGRAPH. h. The Iowa finance authority, including the title guaranty division.

Sec. 2. Section 16.1, subsections 3 and 5, Code 2007, are amended to read as follows:

3. “Bond” means a bond issued by the authority pursuant to sections 16.26 to 16.30, and includes a note or other instrument evidencing a debt authorized or referred to in this chapter.

5. “Cost” as applied to ~~Iowa small business economic development~~ loan program projects means the cost of acquisition, construction, or both including the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights, and interests required for acquisition, construction, or both. It also means the cost of demolishing or removing structures on acquired land, the cost of access roads to private property, including the cost of land or easements, and the cost of all machinery, furnishings, and equipment, financing charges, and interest prior to and during construction and for no more than the greater of eighteen months or the period authorized to be capitalized under applicable provisions of the Internal Revenue Code after completion of construction. Cost also means the cost of engineering, legal expenses, plans, specifications, surveys, estimates of cost and revenues, as well as other expenses incidental to determining the feasibility or practicability of acquiring or constructing a project. It also means other expenses incidental to the acquisition or construction of the project, the financing of the acquisition or construction, including the amount ~~authorized in the resolution of the authority providing for the issuance of bonds, to be paid into any special funds from the proceeds of the bonds, and the financing of the placing of a project in operation to be paid into any special funds from the proceeds of bonds issued for the project, and the financing of the placing of a project in operation.~~ It also means all grants, payments, and amounts necessary to pay or refund outstanding bonds and all costs for which federally tax-exempt bonds may be issued under the Internal Revenue Code.

Sec. 3. Section 16.1, subsections 11 and 12, Code 2007, are amended by striking the subsections.

Sec. 4. Section 16.1, Code 2007, is amended by adding the following new subsections:

NEW SUBSECTION. 14. “Goals” means legislative goals and policies as articulated in this chapter.

NEW SUBSECTION. 14A. “Guiding principles” means the principles provided in section 16.4 which shall be considered for amplification and interpretation of the goals of the authority.

Sec. 5. Section 16.1, subsections 20 and 21, Code 2007, are amended by striking the subsections and inserting in lieu thereof the following:

20. “Internal Revenue Code” means the Internal Revenue Code of the United States as it may exist at the time of its applicability to the provisions of this chapter.

21. “Legislative findings” or “findings” means the findings established by the general assembly with respect to the authority as provided in this chapter.

Sec. 6. Section 16.1, subsection 29, Code 2007, is amended to read as follows:

29. “Note” means a bond anticipation note or a housing development fund note issued by the authority pursuant to this chapter. “Note” also includes bonds.

Sec. 7. Section 16.1, Code 2007, is amended by adding the following new subsections:

NEW SUBSECTION. 29B. "Powers" means all of the general and specific powers of the authority as provided in this chapter and shall be broadly and liberally interpreted to authorize the authority to act in accordance with the goals of the authority and in a manner consistent with the legislative findings and guiding principles which are reasonably necessary.

NEW SUBSECTION. 29C. "Programs" means any program administered by the authority or any program in which the authority is directed or authorized to participate pursuant to any statute, executive order, or interagency agreement, or any other program participation or administration of which the authority finds useful and convenient to further the goals and purposes of the authority. "Program" shall include but not be limited to all of the following:

- a. The housing assistance payments program.
- b. The rent supplements program.
- c. The emergency housing fund program.
- d. The special housing assistance program.
- e. The single-family housing program.
- f. The multifamily housing program.
- g. The title guaranty program.
- h. The housing improvement fund program.
- i. The economic development loan program.
- j. The Iowa economic development bond bank program.
- k. The sewage treatment and drinking facilities financing program.
- l. The Iowa tank assistance bond program.
- m. The residential treatment facilities program.
- n. The E-911 program.
- o. The community college dormitory program.
- p. The prison infrastructure program.
- q. The wastewater treatment financial assistance program.
- r. Any other program established by the authority which the authority finds useful and convenient to further goals of the authority and which is consistent with the legislative findings. Such additional programs shall be administered in accordance with the guiding principles of the authority after such notice and hearing as is determined to be reasonable by the authority under the circumstances. Such additional programs shall be administered in accordance with rules, if any, which the authority determines useful and convenient to adopt pursuant to chapter 17A.

Sec. 8. Section 16.1, subsection 30, Code 2007, is amended by striking the subsection and inserting in lieu thereof the following:

30. "Project" means any of the following:

- a. Real or personal property connected with a facility to be acquired, constructed, financed, refinanced, improved, or equipped pursuant to one or more of the programs.
- b. Refunds, loans, refinancings, grants, or other assistance or programs which the authority finds useful and convenient to carry out and further the goals of the authority and the Iowa economic development bond program. In furtherance thereof and not in limitation, "project" shall include projects for which bonds or notes may be issued by a city or a county pursuant to any power so long as the authority finds it is consistent with the goals and legislative findings of the authority and the Iowa economic development bond program.
- c. Any project for which tax exempt financing is authorized by the Internal Revenue Code which the authority finds furthers the goals of the authority and is consistent with the legislative findings.

Sec. 9. Section 16.1, subsections 33, 34, 35, and 36, Code 2007, are amended by striking the subsections.

Sec. 10. Section 16.1, unnumbered paragraph 2, Code 2007, is amended to read as follows: The authority shall may establish by rule further definitions applicable to this chapter, and

clarification of the definitions in this section, as it deems convenient and necessary including any rules necessary to assure eligibility for funds available under federal housing laws, or to assure compliance with federal tax laws relating to the issuance of tax exempt mortgage subsidy bonds pursuant to the Internal Revenue Code § 103A, or relating to the issuance of tax exempt residential rental property bonds for qualified residential housing under Internal Revenue Code § 103, or relating to the allowance of low income credits under Internal Revenue Code § 42.

Sec. 11. Section 16.2, subsection 1, Code 2007, is amended to read as follows:

1. The Iowa finance authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions, to undertake programs which assist in attainment of adequate housing for low or moderate income families, elderly families, and families which include one or more persons with disabilities, and to undertake the Iowa homesteading program, the small business loan program, the export business finance program, and other various finance programs. The powers of the authority are vested in and shall be exercised by a board of nine members appointed by the governor subject to confirmation by the senate. No more than five members shall belong to the same political party. As far as possible the governor shall include within the membership persons who represent community and housing development industries, housing finance industries, the real estate sales industry, elderly families, minorities, lower income families, very low income families, families which include persons with disabilities, average taxpayers, local government, business and international trade interests, and any other person specially interested in community housing, finance, or small business, or export business development.

A title guaranty division is created within the authority. The powers of the division relating to the issuance of title guaranties are vested in and shall be exercised by a division board of five members appointed by the governor subject to confirmation by the senate. The membership of the board shall include an attorney, an abstractor, a real estate broker, a representative of a mortgage lender, and a representative of the housing development industry. The executive director of the authority shall appoint an attorney as director of the title guaranty division who shall serve as an ex officio member of the board. The appointment of and compensation for the division director are exempt from the merit system provisions of chapter 8A, subchapter IV.

a. Members of the board of the division shall be appointed by the governor for staggered terms of six years beginning and ending as provided in section 69.19. A person shall not serve on the division board while serving on the authority board. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the division board may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or for other just cause, after notice and hearing, unless notice and hearing is expressly waived in writing.

b. Three members of the board shall constitute a quorum. An affirmative vote of a majority of the appointed members is necessary for any substantive action taken by the division.

c. Members of the board are entitled to receive a per diem as specified in section 7E.6 for each day spent in performance of duties as members and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

d. Members of the board and the director shall give bond as required for public officers in chapter 64.

e. Meetings of the board shall be held at the call of the chair of the board or on written request of two members.

f. Members shall elect a chair and vice chair annually and other officers as they determine. The director shall serve as secretary to the board.

g. The net earnings of the division, beyond that necessary for reserves, backing, guaranties issued or to otherwise implement the public purposes and programs authorized, shall not inure to the benefit of any person other than the state and are subject to subsection 8.

Sec. 12. NEW SECTION. 16.2A TITLE GUARANTY DIVISION.

1. A title guaranty division is created within the authority. The powers of the division relating to the issuance of title guaranties are vested in and shall be exercised by a division board of five members appointed by the governor subject to confirmation by the senate. The membership of the board shall include an attorney, an abstractor, a real estate broker, a representative of a mortgage lender, and a representative of the housing development industry. The executive director of the authority shall appoint an attorney as director of the title guaranty division, who shall serve as an ex officio member of the board. The appointment of and compensation for the division director are exempt from the merit system provisions of chapter 8A, subchapter IV.

2. Members of the board of the division shall be appointed by the governor for staggered terms of six years beginning and ending as provided in section 69.19. A person shall not serve on the division board while serving on the authority board. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the division board may be removed from office by the governor for misfeasance, malfeasance, or willful neglect of duty or for other just cause, after notice and hearing, unless notice and hearing is expressly waived in writing.

3. Three members of the board shall constitute a quorum. An affirmative vote of a majority of the appointed members is necessary for any substantive action taken by the division.

4. Members of the board are entitled to receive a per diem as specified in section 7E.6 for each day spent in performance of duties as members and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

5. Members of the board and the director shall give bond as required for public officers in chapter 64.

6. Meetings of the board shall be held at the call of the chair of the board or on written request of two members.

7. Members shall elect a chair and vice chair annually and other officers as they determine. The director shall serve as secretary to the board.

8. The net earnings of the division, beyond that necessary for reserves, backing, guaranties issued, or to otherwise implement the public purposes and programs authorized, shall not inure to the benefit of any person other than the state and are subject to section 16.2, subsection 8.

Sec. 13. Section 16.3, Code 2007, is amended by adding the following new subsections:  
NEW SUBSECTION. 16. Economic development and expansion of business, industry, and farming in the state is dependent upon the availability of financing of the development and expansion at affordable interest rates.

NEW SUBSECTION. 17. The pooling of private financing enhances the marketability of the obligations involved and increases access to other state, regional, and national credit markets.

NEW SUBSECTION. 18. The creation of an Iowa economic development bond bank program as provided in section 16.102 will make the pooling of private financing available to small businesses, farmers, agricultural landowners and operators, and commercial, industrial, and other business enterprises at favorable interest rates with reduced marketing costs.

NEW SUBSECTION. 19. All of the purposes stated in this section are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned, or granted.

Sec. 14. NEW SECTION. 16.3A CONFLICTS OF INTEREST.

1. If a member or employee of the authority other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is, or is to be, a party, or in a mortgage lender requesting a loan from, or offering to sell mortgage loans to, the authority, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in any action of the authority with respect to that contract or mortgage lender.

A violation of a provision of this subsection is misconduct in office under section 721.2. However, a resolution of the authority is not invalid because of a vote cast by a member in violation of this subsection unless the vote was decisive in the passage of the resolution.

For the purposes of this subsection, "action of the authority with respect to that contract or mortgage lender" means only an action directly affecting a separate contract or mortgage lender, and does not include an action which benefits the general public or which affects all or a substantial portion of the contracts or mortgage lenders included in a program of the authority.

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

3. The executive director shall not have an interest in a bank or other financial institution in which the funds of the authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under a trust indenture to which the authority is a party. The executive director shall not receive, in addition to fixed salary or compensation, any money or valuable thing, either directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending, or aiding in any purchase or sale of property, or loan, made by the authority, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent, or beneficiary, either directly or indirectly, or through any substantial interest in any other corporation or business unit, in any such purchase, sale, or loan.

Sec. 15. Section 16.4, unnumbered paragraph 1, Code 2007, is amended to read as follows:

In the performance of its duties and implementation of its powers, and in the selection of specific programs and projects to receive its assistance, the authority shall be guided by the following precatory principles:

Sec. 16. Section 16.4, subsections 1, 2, 3, and 5, Code 2007, are amended to read as follows:

1. The authority shall not become an owner of real property constituting a project under any program, except on a temporary basis where necessary in order to implement its programs, protect its investments by means of foreclosure or other means, or to facilitate transfer of real property for the use of low or moderate income families.

2. The authority shall strive to function in cooperation with local governmental units and local or regional housing agencies, and in fulfillment of local or regional housing plans, and to that end shall provide technical assistance to local governmental units and local or regional agencies in need of that assistance.

3. ~~A When feasible, a local contributing effort shall may be required of each project assisted by the authority. As used in this subsection, "project" includes one or more programs authorized under the provisions of this chapter. The local contribution may be provided by local governmental units or by local or regional agencies, public or private. Unless otherwise specified in this chapter, the The percentage and type of local contribution shall be determined by the authority, and may include, but should not be limited to, cash match, land contribution, tax abatement, or ancillary facilities. The authority shall seek to encourage ingenuity and creativity in local effort.~~

5. The authority shall seek to encourage cooperative housing efforts at the local level, both with respect to the cooperation of public bodies with private enterprise and civic groups, and with respect to the formation of regional or multicity units engaged in housing.

Sec. 17. Section 16.4, subsection 6, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Wherever With respect to programs relating to housing, wherever practicable, the authority shall give preference to the following types of programs:

Sec. 18. Section 16.4, subsection 8, Code 2007, is amended by striking the subsection.

Sec. 19. Section 16.5, Code 2007, is amended to read as follows:

16.5 GENERAL POWERS.

1. The authority has ~~all of the general~~ any and all powers ~~needed~~ necessary and convenient to carry out its purposes and duties, and exercise its specific powers, including but not limited to the power to:

~~1.~~ a. Issue its negotiable bonds and notes as provided in ~~sections 16.26 to 16.30~~ this chapter in order to finance its programs.

~~2.~~ b. Sue and be sued in its own name.

~~3.~~ c. Have and alter a corporate seal.

~~4.~~ d. Make and alter bylaws for its management consistent with the provisions of this chapter.

~~5.~~ e. Make and execute agreements, contracts, and other instruments of any and all types on such terms and conditions as the authority may find necessary or convenient to the purposes of the authority, with any public or private entity, including but not limited to contracts for goods and services. All political subdivisions, public housing agencies, other public agencies and state departments and agencies may enter into contracts and otherwise ~~co-operate~~ cooperate with the authority.

f. By rule, the board shall adopt procedures relating to competitive bidding, including the identification of those circumstances under which competitive bidding by the authority, either formally or informally, shall be required. In any bidding process, the authority may administer its own bidding and procurement or may utilize the services of the department of administrative services or any other agency. Except when such rules apply, the authority and all contracts made by it in carrying out its public and essential governmental functions with respect to any of its programs shall be exempt from the provisions and requirements of all laws or rules of the state which require competitive bids in connection with the letting of such contracts.

~~6.~~ g. Acquire, hold, improve, mortgage, lease, and dispose of real and personal property, including, but not limited to, the power to sell at public or private sale, with or without public bidding, any such property, mortgage loan, or other obligation held by it.

~~7.~~ h. Procure insurance against any loss in connection with its operations and property interests.

~~8.~~ i. Fix and collect fees and charges for its services.

~~9.~~ j. Subject to an agreement with bondholders or noteholders, invest or deposit moneys of the authority in a manner determined by the authority, notwithstanding chapter 12B or 12C.

~~10.~~ k. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.

~~11.~~ l. Provide technical assistance and counseling related to the authority's purposes, to public and private entities.

~~12.~~ m. In cooperation with other local, state, or federal governmental agencies, conduct research studies, develop estimates of unmet housing needs, and gather and compile data useful to facilitate decision making and enter into agreements to carry out programs within or without the state which the authority finds to be consistent with the goals of the authority.

~~13.~~ n. Cooperate in the development of, and initiate housing demonstration projects.

~~14.~~ o. Contract with architects, engineers, attorneys, accountants, housing construction and finance experts, and other advisors. However, the authority may enter into contracts or agreements for such services with local, state, or federal governmental agencies.

~~15.~~ p. Through the title guaranty division, make and issue title guaranties on Iowa real property in a form acceptable to the secondary market, to fix and collect the charges for the guaranties and to procure reinsurance against any loss in connection with the guaranties.

q. Own or acquire intellectual property rights including but not limited to copyrights, trademarks, service marks, and patents, and enforce the rights of the authority with respect to such intellectual property rights.

- ~~16. Provide moneys to the shelter assistance fund created in section 15.349.~~
- ~~17. r. Make, alter, and repeal rules consistent with the provisions of this chapter, and subject to chapter 17A.~~
- ~~18. s. Establish one or more funds within the state treasury under the control of the authority and invest moneys of the authority therein. Notwithstanding section 8.33 or 12C.7, or any other provision to the contrary, moneys invested by the treasurer of state pursuant to this subsection shall not revert to the general fund of the state and interest accrued on the moneys shall be moneys of the authority and shall not be credited to the general fund. For purposes of this subsection paragraph, the treasurer of state shall enter into an agreement with the authority to carry out the provisions of this subsection paragraph.~~
- ~~t. Select projects to receive assistance by the exercise of diligence and care and apply customary and acceptable business and lending standards in the selection and subsequent implementation of such projects.~~
- ~~u. Exercise generally all powers typically exercised by private enterprises engaged in business pursuits unless the exercise of such a power would violate the terms of this chapter or the Constitution of the State of Iowa.~~
- ~~2. Notwithstanding any other provision of law, any purchase or lease of real property, other than on a temporary basis, when necessary in order to implement the programs of the authority, protect the investments of the authority by means of foreclosure or other means, or to facilitate the transfer of real property for the use of low or moderate income families, shall require written notice from the authority to the government oversight standing committees of the general assembly and the prior approval of the executive council.~~
- ~~3. The powers enumerated in this section are cumulative of and in addition to those powers enumerated elsewhere in this chapter and no such powers limit or restrict any other powers of the authority.~~
- ~~4. Notwithstanding any other provision of law, the authority may elect whether to utilize any or all of the goods or services available from other state agencies in the conduct of its affairs. Departments, boards, commissions, or other agencies of the state shall provide reasonable assistance and services to the authority upon the request of the executive director.~~

Sec. 20. NEW SECTION. 16.5C SPECIFIC PROGRAM POWERS.

In addition to the general powers of the authority, the authority shall have all powers convenient and necessary to carry out its programs, including but not limited to the power to:

1. Make property improvement loans and mortgage loans, including but not limited to mortgage loans insured, guaranteed, or otherwise secured by the federal government or by private mortgage insurers, to housing sponsors to provide financing of adequate housing for low or moderate income families, elderly families, families which include one or more persons with disabilities, child foster care facilities, and health care facilities.
2. Provide down payment grants on behalf of low and moderate income families to non-profit sponsors to defray all or part of the down payment on real property that is transferred by such sponsors to such families under the terms of the lease-purchase program.
3. Make grants and temporary loans, at interest rates and on terms as determined convenient and necessary by the authority, to defray the local contribution requirement for housing sponsors who apply for rent supplement assistance, to defray temporary housing costs that result from displacement by natural or other disaster, and to defray a portion of the expenses required to develop and initiate housing which deals creatively with housing problems of low or moderate income families, elderly families, and families which include one or more persons with disabilities.
4. Make temporary loans, at interest rates and on terms as determined convenient and necessary by the authority, to defray development costs for housing for low or moderate income families including but not limited to payments for options on sites; deposits on contracts and payments for purchase; legal and organizational expenses including attorney fees, project manager, clerical, and other staff salaries, office rent, and other additional expenses; payment of fees for preliminary feasibility studies and advances for planning, engineering, and archi-

tektural work; expenses for tenant surveys and market analysis; and necessary application and other fees.

5. Make or participate in the making of property improvement loans or mortgage loans for rehabilitation or preservation of existing dwellings. The authority may issue housing assistance fund notes payable solely from the housing assistance fund.

6. Renegotiate a mortgage loan or loan to a mortgage lender in default; waive a default or consent to the modification of the terms of a mortgage loan or a loan to a mortgage lender; forgive or forbear all or part of a mortgage loan or a loan to a mortgage lender; and commence, prosecute, and enforce a judgment in any action, including but not limited to a foreclosure action, to protect or enforce any right conferred upon the authority by law, mortgage loan agreement, contract or other agreement, and in connection with any such action, bid for and purchase the property or acquire or take possession of it, complete, administer, and pay the principal of and interest on any obligations incurred in connection with the property, and dispose of and otherwise deal with the property in a manner as the authority deems advisable to protect its interests.

7. Designate areas of economic distress for purposes of section 103A(k)(3)(A)(i) of the Internal Revenue Code.

8. Purchase, and make advance commitments to purchase, residential mortgage loans from mortgage lenders at prices and upon terms and conditions it determines consistent with its goals and legislative findings. However, the total purchase price for all residential mortgage loans which the authority commits to purchase from a mortgage lender at any one time shall not exceed the total of the unpaid principal balances of the residential mortgage loans purchased. Mortgage lenders are authorized to sell residential mortgage loans to the authority in accordance with this section and the rules of the authority. The authority may charge a mortgage lender a commitment fee or other fees as set by rule as a condition for the authority purchasing residential mortgage loans.

9. Sell or make advanced commitments to sell residential mortgage loans in the organized or unorganized secondary mortgage market. The authority may issue and sell securities that are secured by residential mortgage loans held by the authority. The authority may aggregate the residential mortgage loans sold in the secondary market or used as security on the mortgage-backed securities. The amount of mortgage-backed securities sold shall not exceed the principal of the mortgages retained by the authority as security.

10. File a lien on property where appropriate, convenient, and necessary in carrying out a program.

Sec. 21. Section 16.10, subsection 1, Code 2007, is amended to read as follows:

1. Moneys declared by the authority to be surplus moneys which are not required to service bonds and notes issued by the authority, to pay administrative expenses of the authority, or to accumulate necessary operating or loss reserves, shall be used by the authority to provide grants, subsidies, and services to lower income families and very low income families through the programs authorized in this chapter ~~or to provide funds for the residential mortgage interest reduction program established pursuant to section 16.81 and consistent with legislative findings and guiding principles.~~ In addition, the authority may use such surplus moneys to provide assistance to the local housing assistance program established in sections 15.351 through 15.354 for purposes of providing assistance to low and moderate income families. Surplus moneys shall not be used for infrastructure or administration purposes under the local housing assistance program.

Sec. 22. Section 16.15, subsection 1, Code 2007, is amended to read as follows:

1. The authority shall participate in the housing assistance payments program under section 8 of the United States Housing Act of 1937, as amended by section 201 of the Housing and Community Development Act of 1974, Pub. L. No. 93-383, codified at 42 U.S.C. § 1437 et seq. ~~The purpose of participation is to enable the authority to obtain, on behalf of the state of Iowa, set-asides of contract authorization reserved by the United States secretary of housing and ur-~~



~~ban development for public housing agencies, to enter into annual contributions contracts, to otherwise expedite use of the program through the use of state housing finance funds, and to encourage new construction and substantial rehabilitation of housing suitable for assistance under the program. Assistance may be provided for existing housing units made available by owners for the program, as well as for newly constructed housing units. Maximum rents shall be established by the authority in conformity with federal law.~~

Sec. 23. Section 16.15, subsections 2, 3, 4, 5, 6, 7, and 8, Code 2007, are amended by striking the subsections.

Sec. 24. Section 16.40, Code 2007, is amended by striking the section and inserting in lieu thereof the following:

16.40 HOUSING ASSISTANCE FUND.

1. A housing assistance fund is created within the authority. The moneys in the fund shall be used by the authority to protect, preserve, create, and improve access to safe and affordable housing. The authority shall establish programs utilizing the fund by administrative rules adopted pursuant to chapter 17A and provide the requirements for the proper administration of the programs.

2. Moneys in the fund, including moneys which are annually appropriated to the authority, may be allocated for any use authorized by this chapter unless otherwise specified.

3. The authority may use moneys in the fund to provide financial assistance to a housing sponsor or an individual in the form of a loan, loan guarantee, grant, or interest subsidy, or by other means under the general powers of the authority.

4. Moneys in the fund may be used for but are not limited to the following purposes:

a. Home ownership programs including all of the following:

(1) Authority bond issues and loans to facilitate and ensure equal access across the state to funds for first-time homebuyers programs.

(2) Home ownership incentive programs not restricted to first-time homebuyers, including down payment and closing costs assistance.

(3) Programs for home maintenance and repair, new construction, acquisition, and rehabilitation.

(4) Support for home ownership education and counseling programs.

b. Rental programs, including rental subsidy, rehabilitation, preservation, new construction, and acquisition.

c. Programs that provide a continuum of housing services, including construction, operation, and maintenance of homeless shelters, domestic violence shelters, and transitional housing and supportive services to lower income and very low-income families.

d. Technical assistance programs that increase the capacity of for-profit and nonprofit housing entities.

5. Notwithstanding section 8.33, moneys in the housing assistance fund at the end of each fiscal year shall not revert to the general fund or any other fund but shall remain in the housing assistance fund for expenditure for subsequent fiscal years.

6. The authority may establish, by rule adopted pursuant to chapter 17A, an annual administration fee to be charged to the housing assistance fund. The annual fee shall not exceed four percent of the moneys, loans, or other assets held in the fund.

7. During each regular session of the general assembly, the authority shall present to the appropriate joint appropriations subcommittee a report concerning the total estimated resources to be available for expenditure under this section for the next fiscal year and the amount the authority proposes to allocate to each program created pursuant to this section.

Sec. 25. Section 16.53, Code 2007, is amended to read as follows:

16.53 RESIDENTIAL REVERSE ANNUITY MORTGAGE MODEL PROGRAM.

The authority ~~shall~~ may develop a model reverse annuity mortgage conforming to the requirements of this chapter, and ~~shall~~ may offer reverse annuity mortgages to qualified participants.

Sec. 26. Section 16.73, unnumbered paragraph 1, Code 2007, is amended to read as follows:

The authority ~~shall~~ may adopt rules pursuant to chapter 17A relating to the purchase and sale of residential mortgage loans and the sale of mortgage-backed securities. The rules ~~shall~~ may provide at least for the following:

Sec. 27. Section 16.91, subsection 1, Code 2007, is amended to read as follows:

1. The authority through the title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be transferred to the department of economic development for deposit in the local housing assistance program fund established in section 15.354 and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be transferred to the housing program assistance fund created pursuant to section 16.40.

Sec. 28. Section 16.102, unnumbered paragraph 1, Code 2007, is amended to read as follows:

The authority ~~shall~~ may assist the development and expansion of family farming, soil conservation, housing, and business in the state through the establishment of the Iowa economic development bond bank program. The authority may issue its bonds or notes, or series of bonds or notes for the purpose of defraying the cost of one or more projects and make secured and unsecured loans for the acquisition and construction of projects on terms the authority determines. For purposes of this section, projects shall include any of the following:

Sec. 29. Section 16.102, subsection 1, Code 2007, is amended by striking the subsection.

Sec. 30. Section 16.106, Code 2007, is amended to read as follows:

16.106 ADOPTION OF RULES.

The board of directors of the authority shall adopt rules pursuant to chapter 17A to implement sections ~~16.101~~ 16.102 through 16.105.

Sec. 31. Section 16A.2, subsection 7, Code 2007, is amended by striking the subsection.

Sec. 32. Section 331.361, subsection 4, Code 2007, is amended to read as follows:

4. The board shall not dispose of real property by gift except for a public purpose, as determined by the board, in accordance with other state law. ~~However, the board may dispose of real property for use in an Iowa homesteading program under section 16.14 for a nominal consideration.~~

Sec. 33. Section 364.7, subsection 3, Code 2007, is amended to read as follows:

3. A city may not dispose of real property by gift except to a governmental body for a public purpose. ~~However, a city may dispose of real property for use in an Iowa homesteading program under section 16.14 for a nominal consideration, including but not limited to property in an urban renewal area.~~

Sec. 34. Section 403A.3, subsection 10, Code 2007, is amended to read as follows:

10. To ~~co-operate~~ cooperate with the Iowa finance authority, to participate in any of its pro-

grams, to use any of the funds available to the municipality for the uses of this chapter to contribute to such programs in which it participates, and to comply with the provisions of ~~sections 16.1 to 16.36~~ chapter 16 and the rules of the Iowa finance authority promulgated thereunder.

Sec. 35. Section 422.7, subsection 12, paragraph c, unnumbered paragraph 6, Code 2007, is amended to read as follows:

For purposes of this subsection, “small business” means ~~small business as defined in section 16.1, subsection 36, except that it shall also include the operation of a farm a profit or nonprofit business, including but not limited to an individual, partnership, corporation, joint venture, association, or cooperative, to which the following apply:~~

(1) It is not an affiliate or subsidiary of a business dominant in its field of operation.

(2) It has twenty or fewer full-time equivalent positions and not more than the equivalent of three million dollars in annual gross revenues as computed for the preceding fiscal year or as the average of the three preceding fiscal years.

(3) It does not include the practice of a profession.

“Small business” includes an employee-owned business which has been an employee-owned business for less than three years or which meets the conditions of subparagraphs (1) through (3).

For purposes of this definition, “dominant in its field of operation” means having more than twenty full-time equivalent positions and more than three million dollars in annual gross revenues, and “affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least twenty percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalents, of a business dominant in that field of operation.

The department may, by resolution, waive any or all of the requirements of paragraph “b” in connection with a loan to a small business, as defined under applicable federal law and regulations that have been enacted or adopted by April 1, 1983, in which federal assistance, insurance, or guaranties are sought.

Sec. 36. Section 422.35, subsection 6, paragraph c, unnumbered paragraph 4, Code 2007, is amended to read as follows:

For purposes of this subsection, “small business” means ~~small business as defined in section 16.1, subsection 36, except that it shall also include the operation of a farm a profit or nonprofit business, including but not limited to an individual, partnership, corporation, joint venture, association, or cooperative, to which the following apply:~~

(1) It is not an affiliate or subsidiary of a business dominant in its field of operation.

(2) It has either twenty or fewer full-time equivalent positions or not more than the equivalent of three million dollars in annual gross revenues as computed for the preceding fiscal year or as the average of the three preceding fiscal years.

(3) It does not include the practice of a profession.

“Small business” includes an employee-owned business which has been an employee-owned business for less than three years or which meets the conditions of subparagraphs (1) through (3).

For purposes of this definition, “dominant in its field of operation” means having more than twenty full-time equivalent positions and more than three million dollars in annual gross revenues, and “affiliate or subsidiary of a business dominant in its field of operation” means a business which is at least twenty percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalents, of a business dominant in that field of operation.

The department may, by resolution, waive any or all of the requirements of paragraph “b” in connection with a loan to a small business, as defined under applicable federal law and regulations that have been enacted or adopted by April 1, 1983, in which federal assistance, insurance, or guaranties are sought.

Sec. 37. Section 446.7, unnumbered paragraph 2, Code 2007, is amended to read as follows:

Parcels against which the county holds a tax sale certificate or a municipality holds a tax sale certificate acquired under section 446.19, parcels of municipal and political subdivisions of the state of Iowa, ~~parcels held by a city or county agency or the Iowa finance authority for use in an Iowa homesteading project,~~ or parcels of the state or its agencies, shall not be offered or sold at tax sale and a tax sale of those parcels is void from its inception. When taxes are owing against parcels owned or claimed by a municipal or political subdivision of the state of Iowa, ~~parcels held by a city or county agency or the Iowa finance authority for use in an Iowa homesteading project,~~ or parcels of the state or its agencies, the treasurer shall give notice to the appropriate governing body which shall then pay the total amount due. If the governing body fails to pay the total amount due, the board of supervisors shall abate the total amount due.

Sec. 38. Section 446.19A, subsection 3, Code 2007, is amended to read as follows:

3. If after the date that a parcel is sold pursuant to this chapter, or after the date that a parcel is sold under section 446.18, ~~or 446.38, or 446.39,~~ the parcel assessed as residential property or as commercial multifamily housing property is identified as abandoned or as a vacant lot pursuant to a verified statement filed with the county treasurer by a city or county in the form set forth in subsection 2, a city or county may require the assignment of the tax sale certificate that had been issued for such parcel by paying to the holder of such certificate the total amount due on the date the assignment of the certificate is made to the county or city and recorded with the county treasurer. If a certificate holder fails to assign the certificate of purchase to the city or county, the county treasurer is authorized to issue a duplicate certificate of purchase, which shall take the place of the original certificate, and assign the duplicate certificate to the city or county. If the certificate is not assigned by the county or city pursuant to subsection 4, the county or city, whichever is applicable, is liable for the tax sale interest that was due the certificate holder pursuant to section 447.1, as of the date of assignment.

Sec. 39. Section 447.9, subsection 1, Code 2007, is amended to read as follows:

1. After one year and nine months from the date of sale, or after nine months from the date of a sale made under section 446.18 ~~or 446.39,~~ or after three months from the date of a sale made under section 446.19A or 446.19B, the holder of the certificate of purchase may cause to be served upon the person in possession of the parcel, and also upon the person in whose name the parcel is taxed, a notice signed by the certificate holder or the certificate holder's agent or attorney, stating the date of sale, the description of the parcel sold, the name of the purchaser, and that the right of redemption will expire and a deed for the parcel be made unless redemption is made within ninety days from the completed service of the notice. The notice shall be served by both regular mail and certified mail to the person's last known address and such service is deemed completed when the notice by certified mail is deposited in the mail and postmarked for delivery. The ninety-day redemption period begins as provided in section 447.12. When the notice is given by a county as a holder of a certificate of purchase the notice shall be signed by the county treasurer or the county attorney, and when given by a city, it shall be signed by the city officer designated by resolution of the council. When the notice is given by the Iowa finance authority or a city or county agency holding the parcel as part of an Iowa homesteading project, it shall be signed on behalf of the agency or authority by one of its officers, as authorized in rules of the agency or authority.

Sec. 40. Section 447.12, Code 2007, is amended to read as follows:

**447.12 WHEN SERVICE DEEMED COMPLETE — PRESUMPTION.**

Service is complete only after an affidavit has been filed with the county treasurer, showing the making of the service, the manner of service, the time when and place where made, under whose direction the service was made, and costs incurred as provided in section 447.13. Costs not filed with the treasurer before a redemption is complete shall not be collected by the trea-

surer. Costs shall not be filed with the treasurer prior to the filing of the affidavit. The affidavit shall be made by the holder of the certificate or by the holder's agent or attorney, and in either of the latter cases stating that the affiant is the agent or attorney of the holder of the certificate. The affidavit shall be filed by the treasurer and entered in the county system and is presumptive evidence of the completed service of the notice. The right of redemption shall not expire until ninety days after service is complete. A redemption shall not be considered valid unless received by the treasurer prior to the close of business on the ninetieth day from the date of completed service except in the case of a public bidder certificate held by the county in which case the county may accept a redemption at any time prior to the issuance of the tax deed. However, if the ninetieth day falls on a Saturday, Sunday, or a holiday, payment of the total redemption amount must be received by the treasurer before the close of business on the first business day following the ninetieth day. The date of postmark of a redemption shall not be considered as the day the redemption was received by the treasurer for purposes of the ninety-day time period. ~~When the parcel is held by a city or county, a city or county agency, or the Iowa finance authority, for use in an Iowa homesteading project, whether or not the parcel is the subject of a conditional conveyance granted under the project, the affidavit shall be made by the treasurer of the county or the county attorney, a city officer designated by resolution of the council, or on behalf of the agency or authority, by one of its officers as authorized in rules of the agency or authority.~~

Sec. 41. Section 447.13, unnumbered paragraph 2, Code 2007, is amended to read as follows:

The county treasurer shall file the proof of service and statement of costs and record these costs against the parcel. The certificate holder or the holder's agent shall report in writing to the treasurer the amount of authorized costs incurred, and the treasurer shall file the statement. Costs not filed with the treasurer before a redemption is complete shall not be collected by the treasurer and may be recovered through a court action against the parcel owner by the certificate holder. ~~If the parcel is held by a city or county, a city or county agency, or the Iowa finance authority, for use in an Iowa homesteading project, whether or not the parcel is the subject of a conditional conveyance granted under the project, the costs incurred for repairs and rehabilitation work required and undertaken in order to make the parcel meet applicable building or housing code standards shall be added to the amount necessary to redeem.~~

Sec. 42. Section 533.16, subsection 6, paragraph c, Code 2007, is amended to read as follows:

c. A credit union may make loans insured under the provisions of Title XX, United States Code, section 1071 to section 1087 or similar state programs, loans insured by the federal housing administration under Title XII, United States Code, section 1703, and loans to families of low or moderate income as a part of programs authorized in ~~sections 16.1 to 16.36~~ chapter 16.

Sec. 43. Section 654.15, subsection 3, Code 2007, is amended by striking the subsection.

Sec. 44. HOUSING ASSISTANCE FUND. Upon the creation of the housing assistance fund pursuant to this Act, all of the assets of the authority in the housing program fund created in section 16.40, Code 2007, shall be transferred to the housing assistance fund.

Sec. 45. Sections 6B.53, 16.5A, 16.5B, 16.11, 16.12, 16.13, 16.14, 16.16, 16.17, 16.18, 16.19, 16.22, 16.23, 16.24, 16.25, 16.29, 16.32, 16.35, 16.36, 16.38, 16.39, 16.43, 16.45, 16.61, 16.62, 16.63, 16.64, 16.65, 16.71, 16.72, 16.81, 16.82, 16.83, 16.84, 16.101, 16.121, 16.122, 16.123, 16.124, 16.125, and 446.39, Code 2007, are repealed.

Approved April 10, 2007