Regulatory Analysis

Notice of Intended Action to be published: 265—Chapter 45
"Manufactured Housing Program Fund"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 16.45 and 17A
State or federal law(s) implemented by the rulemaking: Iowa Code section 16.45 and chapter 17A

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

November 4, 2025	1963 Bell Avenue
2:45 to 3 p.m.	Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Iowa Finance Authority (Authority) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Iowa Finance Authority
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Des Moines, Iowa 50315
Email: tyler.barnard@iowafinance.com

Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 45 and adopt a new Chapter 45 in lieu thereof. The new chapter will eliminate language that is duplicative of statutory language, will eliminate unnecessary and inconsistent language, will remove unnecessarily restrictive terms, will clarify existing provisions, and will update outdated language.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

There is no additional cost entailed by the proposed rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Borrowers, financial institutions, and lenders may benefit from the improved clarity of the proposed chapter.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

The proposed rulemaking contains no quantitative impacts.

- **Qualitative description of impact:**

The proposed rulemaking will provide clarity about the Authority's processes for its manufactured housing program fund.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The Authority incurs staff time to review linked deposit requests, determine loan eligibility, and monitor linked deposits.

- **Anticipated effect on State revenues:**

The proposed rulemaking has no anticipated effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The proposed rulemaking does not impose any additional costs on financial institutions and lenders compared to the existing Chapter 45.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified any less costly methods or less intrusive methods that exist for administering the manufactured housing program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any alternative methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any alternative methods because the Authority did not identify a less costly or less intrusive method.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rulemaking does not have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 265—Chapter 45 and adopt the following **new** chapter in lieu thereof:

CHAPTER 45
MANUFACTURED HOUSING PROGRAM FUND

265—45.1(16) Purpose. Iowa Code section 16.45(1) states the purpose of these rules.

265—45.2(16) Definitions.

"Authority" means the Iowa finance authority.

"Borrower" means one or more individuals borrowing or seeking to borrow money for the purchase of a manufactured home sited on leased land.

"Financial institution" means a financial institution as defined in Iowa Code section 12C.1 that has been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

"Fund" means the manufactured housing program fund created pursuant to Iowa Code section 16.45.

"Interlender loan" means the lending of funds by a financial institution to a lender, which funds are, in turn, to be loaned by the lender to a borrower to finance the purchase of a manufactured home sited on leased land.

"Lender" means a lender as defined in Iowa Code section 537.1301 that is licensed by the banking division of the department of insurance and financial services and that has not been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

"Manufactured home" or *"manufactured housing"* means the same as defined in Iowa Code section 435.1.

"Mortgage loan" means a loan from a financial institution or lender to a borrower to finance the purchase of a manufactured home.

"Program" means the manufactured housing program.

"Revolving funds" means the funds created by Iowa Code sections 16.46 through 16.49.

265—45.3(16) Sources of funds.

45.3(1) *Authorized transfers.* Authorized transfers to the fund are made pursuant to Iowa Code section 16.45(2)*"a"* and 16.45(2)*"b."*

45.3(2) *Recapture and repayments—nonreversion.* Recapture of awards and other repayments to the fund are made pursuant to Iowa Code section 16.45(2)*"c."*

265—45.4(16) Program overview. The program is established as a means of facilitating affordable financing for the purchase of eligible manufactured homes to be sited on leased land located in the state of Iowa. By providing capital at a low interest rate in the form of linked deposits to financial institutions and lenders, the program is intended to enable financial institutions and lenders, in turn, to offer lower interest rate mortgage loans to borrowers or to enable financial institutions to offer interlender loans to lenders, the proceeds of which are, in turn, to be loaned to borrowers at low interest rates to finance the purchase of manufactured homes. The authority's role is strictly that of a depositor, not a lender, loan guarantor, or loan participant.

265—45.5(16) Eligible financing.

45.5(1) *Lender participation agreement.* Linked deposits are made pursuant to a lender participation agreement to be created by the authority. If the mortgage loan is to be made by a financial institution, the lender participation agreement is between the authority and the financial institution. If the mortgage loan is to be made by a lender, the lender participation agreement is between the authority, the lender, and a financial institution.

45.5(2) *Eligible loans.* To be eligible for a linked deposit under the program, a mortgage loan is to meet all of the following:

a. The mortgage loan is only for the purchase of a manufactured home as the borrower's primary residence; refinancing is not eligible for the program;

b. The manufactured home is sited on leased land located in the state of Iowa;

c. The term of the mortgage loan is not to exceed 30 years;

d. The mortgage loan is fully amortized;

e. The terms of the mortgage loan contain no prepayment penalties;

f. The interest rate payable on the mortgage loan is not to exceed 9 percent APR;

g. Fees charged by the financial institution or lender to cover its costs of originating the mortgage loan (closing fees, origination fees, etc.) are, in the aggregate, not to exceed 1 percent of the principal mortgage loan amount;

h. Closing agent or settlement fees paid to third-party closers, if any, shall not exceed $500;

i. Customary and reasonable closing costs are allowed; and

j. The financial institution or lender is to comply with all applicable fair lending laws and regulations.

265—45.6(16) Linked deposits. The process to create a linked deposit follows:

45.6(1) Once a financial institution or lender has received a completed loan application from a borrower, the financial institution or lender is to notify the authority via a linked deposit reservation request. The reservation request is on a form created and periodically updated by the authority. The form may be in a paper format or an online web-based format at the authority's discretion. The authority reviews and approves or denies requests. If the reservation request is approved, the authority will tentatively reserve an amount in or available to the fund for up to 60 days for a linked deposit for the mortgage loan that was the subject of the request. No reservation is made if the requested mortgage loan amount exceeds the amount(s) in and available to the fund. The reservation is terminated if the mortgage loan does not close within the 60-day period. If the reservation request is denied, the authority will notify the financial institution or lender that originated the mortgage loan and state the reason for denial.

45.6(2) The financial institution or lender that originated the mortgage loan is to review the borrower's mortgage loan application, applying ordinary manufactured housing lending underwriting criteria. If the loan application is approved by the financial institution or lender, the financial institution or lender submits a request to the authority for a linked deposit. The request shall be on a form created and periodically updated by the authority and which may be in a paper format or an online web-based format at the authority's discretion.

45.6(3) Upon receipt of a linked deposit request, the authority will review the information provided and determine whether the mortgage loan is eligible under the program's criteria. If necessary, the authority may request additional information. If the mortgage loan is determined eligible, the authority will, if necessary to make the linked deposit, transfer moneys from one or more of the revolving funds, at the authority's discretion, into the fund to ensure there is a sufficient amount available in the fund to make the linked deposit. The authority then deposits with the financial institution an amount equal to the principal amount of the mortgage loan via automated clearing house (ACH) money transfer. The linked deposit is not security for the mortgage loan or for the interlender loan, if any, nor is it a loan guarantee. The lender or financial institution making the mortgage loan bears all financial risk for the mortgage loan. The financial institution bears all financial risk for any interlender loan. If the mortgage loan is determined ineligible, the authority will notify the financial institution or lender that originated the mortgage loan and state the reason for denial.

45.6(4) The authority shall receive monthly bank statements for the linked deposit account.

45.6(5) The moneys in the linked deposit account remain in the account for the duration of the mortgage loan. Annually, as of June 30, the financial institution or lender that originated the mortgage loan is to notify the authority of the amount of principal that has been repaid on the mortgage loan during the previous 12 months. The authority will then withdraw from the linked deposit account an amount equal to the principal that was repaid on the mortgage loan during the previous year so that the amount of the linked deposit equals the outstanding principal balance of the mortgage loan.

45.6(6) If a financial institution has more than one mortgage loan in the program, the linked deposits for those mortgage loans may be maintained in a single account.

45.6(7) The linked deposit for a mortgage loan is withdrawn in full if the mortgage loan is paid off, if the manufactured home purchased with the mortgage loan proceeds is destroyed, or if the borrower defaults on the mortgage loan.

45.6(8) The linked deposit account shall bear interest at a rate of not less than 1 percent per annum.

265—45.7(16) Limits on linked deposits. In any state of Iowa fiscal year, the authority is not to deposit more than 50 percent of the moneys in or available to the fund with any one financial

institution pursuant to the program; provided, however, that after the first six months of such fiscal year, the authority may make a linked deposit with any participating financial institution regardless of any amounts previously deposited with such financial institution.

265—45.8(16) Availability of moneys for linked deposits. The obligation of the authority to deposit funds into a linked deposit account is subject to the availability of moneys either in the fund or transferrable to the fund from the sources set forth in Iowa Code section 16.45 under the limitations set forth in that section.

These rules are intended to implement Iowa Code section 16.45.