

CHAPTER 46  
WATER QUALITY FINANCING PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/14/31

**265—46.1(16) Definitions.**

“*Authority*” means the Iowa finance authority created in Iowa Code section 16.1A.

“*Cost*” means the same as defined in Iowa Code section 16.151.

“*Financial assistance*” means assistance provided by the authority in the form of grants, loans, or forgivable loans.

“*Municipality*” means the same as defined in Iowa Code section 16.151.

“*Program*” means the same as defined in Iowa Code section 16.151.

“*Project*” means the same as defined in Iowa Code section 16.151.

[ARC 9823C, IAB 12/10/25, effective 1/14/26]

**265—46.2(16) Application and approval.**

**46.2(1)** *Annual applications.* The authority will accept applications for financial assistance annually.

**46.2(2)** *Plan requirements.* Each application must include a plan that meets the criteria of Iowa Code section 16.154(1).

**46.2(3)** *Review.* The authority’s review of applications for financial assistance shall include the considerations identified in Iowa Code section 16.154(2). Applications will be scored by authority staff according to the following criteria:

- a. Financial feasibility.
- b. Project collaboration.
- c. Water quality benefit.

**46.2(4)** *Approval.* Complete and eligible applications that are recommended for approval based on the criteria in Iowa Code section 16.154(2) will be considered by the authority board. The board may approve, deny, or defer an application.

[ARC 9823C, IAB 12/10/25, effective 1/14/26]

**265—46.3(16) Administration.**

**46.3(1)** The authority will notify successful applicants in writing of an approved application for financial assistance. The terms of the financial assistance may be negotiated by the authority and shall be included in a written agreement with the recipient. The agreement may include any other term that the authority deems necessary or convenient for the efficient administration of the program. All eligible costs shall be documented to the satisfaction of the authority before financial assistance may be disbursed. Recipients shall pay a loan initiation fee to the authority upon loan closing. The fee may be up to 2 percent of the full loan commitment amount, not to exceed \$100,000.

**46.3(2)** The recipient shall maintain records that document all costs associated with the project. The recipient shall provide access to these records to the authority, the auditor of the state of Iowa, or their agents or designees upon request. The recipient shall retain such records and documents for a period of three years from the date of the final disbursement of financial assistance.

**46.3(3)** The recipient shall provide the authority or its agents or designees access to the project site on request to verify that the financial assistance is being used for the purpose intended and that the construction work meets applicable state and federal requirements, and that the project is being operated and maintained as designed.

**46.3(4)** The recipient’s accounting procedures shall conform to generally accepted government accounting standards.

**46.3(5)** All loans made by the authority to finance projects under the program shall meet the following requirements:

- a. Repayment must begin within 30 days after project completion or by the date specified in the loan agreement;

- b.* A loan term cannot exceed 20 years; and
- c.* A recipient may prepay a loan at any time with no penalty.

**46.3(6)** Loans made by the authority to municipalities shall meet the following additional requirements:

*a.* The recipient shall provide an enforceability opinion of counsel in a form acceptable to the authority; and

*b.* The loan shall be secured by a first lien upon the dedicated source of repayment that may rank on a parity basis with other obligations or, with the approval of the director, may be subordinate in right of payment to one or more of the recipient's other outstanding revenue obligations.

**46.3(7)** Noncompliance. The authority may, for cause, find that a recipient is not in compliance with the requirements of the program. Remedies for noncompliance may include penalties up to and including withholding of or return of financial assistance. Findings of noncompliance may include but are not limited to the use of financial assistance for activities not described in the application for the grant; failure to begin construction within one year of execution of a loan agreement; or failure to comply with any applicable state or federal rules, regulations, or laws.

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These rules are intended to implement Iowa Code section 16.134A and chapter 16, subchapter X, part 4.

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