

CHAPTER 27
MILITARY SERVICE MEMBER HOME OWNERSHIP ASSISTANCE PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/8/31

265—27.1(16) Purpose. The purpose of the military service member home ownership assistance program is to help eligible members of the armed forces of the United States to purchase qualified homes in Iowa.
[ARC 0113D, IAB 3/4/26, effective 4/8/26]

265—27.2(16) Definitions. As used in this chapter, unless the context otherwise requires:

“*Closing agent*” means the attorney, real estate firm, or closing company that is closing the qualifying purchase transaction and that prepares the cash sale settlement statement.

“*Eligible service member*” means the same as defined in Iowa Code section 16.54.

“*Facilitating lender*” means a lender that is not a participating lender but that is approved by the authority to make loans under the military home ownership assistance program pursuant to Iowa Code section 16.54(5) and subrule 27.3(7).

“*Home ownership assistance*” means the one-time assistance of up to \$5,000 per eligible service member that may be used toward down payment or closing costs, or both, in the purchase of a qualified home.

“*Manufactured home*” means the same as defined in Iowa Code section 435.1.

“*Participating lender*” means a lender approved for participation in one or more of the authority’s first mortgage financing home buyer programs. The authority maintains a list of participating lenders on its website: www.welcomehomeia.com/find-lender-realtor.

“*Program*,” “*military home ownership assistance program*” or “*MHOA*” means the military service member home ownership assistance program authorized by Iowa Code section 16.54.

“*Qualified home*” means a home located in the state of Iowa that an eligible service member purchases, occupies, and uses as the service member’s primary residence that is one of the following:

1. Single-family residence, including “stick-built” homes, modular homes, or manufactured homes;
2. Condominium;
3. Townhome;
4. A property containing two to four residential units, where one unit is to be occupied by the eligible service member as the service member’s primary residence.

“*Qualified mortgage*” means a permanent mortgage loan made pursuant to one of the authority’s home buyer mortgage programs unless the lender offers financing that is more financially advantageous for the service member.

“*Status documentation*” means written documentation verifying that the applicant is an eligible service member. This documentation may include but is not limited to a copy of a valid DD Form 214, showing character of service other than dishonorable, or the applicant’s most recent leave and earnings statements representing 90 days of active duty.

“*Title guaranty certificate*” means the certificate issued by the Iowa title guaranty division of the authority pursuant to Iowa Code section 16.91 to ensure marketable title to the lender or the homeowner, or both.

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265—27.3(16) Application procedure and determination of eligibility.

27.3(1) Prior approval. Whether the purchase of a qualified home is by mortgage financing or cash, prior approval of the assistance by the authority is required. Approval of the request will include supporting document review by the authority and a determination of the service member’s eligibility by the Iowa department of veterans affairs.

27.3(2) Financed home purchases.

a. Where a qualified home purchase is financed, the eligible service member is to apply for assistance under the program through a participating or facilitating lender. If the service member qualifies

for one of the authority's home buyer mortgage programs, the mortgage financing provided is to be a qualified mortgage. Service members who are not eligible for one of the authority's home buyer mortgage programs and are not purchasing on a cash basis may use any permanent financing available to them.

b. To apply for assistance, eligible service members provide the participating or facilitating lender with status documentation and all necessary program documents.

c. Once the lender receives all necessary information under this subrule, the lender is to transmit copies of the necessary documentation to the authority.

27.3(3) *Cash home purchases.* For a cash purchase of a qualified home, the eligible service member provides the authority with:

- a.* Status documentation;
- b.* The purchase agreement; and
- c.* A title guaranty commitment.

27.3(4) *Referral of status documentation to Iowa department of veterans affairs.* The authority submits status documentation to the Iowa department of veterans affairs for verification that an applicant is an eligible service member. The Iowa department of veterans affairs is the final authority on whether an applicant is an eligible service member.

27.3(5) *Notice of MHOA approval.* Once the Iowa department of veterans affairs confirms an applicant's eligibility, the authority notifies the lender, or eligible service member in the case of a cash purchase, that the MHOA application is approved.

27.3(6) *Gaps in funding.* Where military assistance funds are unavailable during the home purchase process, MHOA requests may be placed on a waiting list. When funds become available after the home purchase closed without military assistance funds being applied toward closing costs or down payment, MHOA proceeds will be paid (1) directly to the participating lender or servicing lender to be applied toward the qualified mortgage loan's principal balance, or (2) if the qualified home was purchased pursuant to a cash purchase transaction, directly to the eligible service member. The authority will notify the applicant that MHOA proceeds will be applied to the principal balance.

27.3(7) *Approval process for facilitating lender status.* Pursuant to Iowa Code section 16.54(5), an Iowa-regulated or federally regulated lender with a physical location in the state of Iowa may submit an application to the authority for approval, even if such lender does not participate in the authority's home ownership programs for home buyers. The approval to be a facilitating lender is valid for one year. Lenders are to submit an application and application fee of \$1,500 annually. Application fees are not charged in part or in full to a service member or to a property seller.

[ARC 0113D, IAB 3/4/26, effective 4/8/26]

265—27.4(16) MHOA award. Assistance awarded hereunder is up to \$5,000 and is applied toward a qualified home purchase.

27.4(1) *MHOA reimbursement.* The lender advances funds at closing in an amount equal to the assistance on behalf of the eligible service member.

a. After closing, the lender submits copies of the following documents to the authority:

- (1) An executed settlement statement;
- (2) The deed conveying title;
- (3) A title guaranty commitment;
- (4) The promissory note; and
- (5) The mortgage.

b. After closing, for cash home purchasers, the eligible service member shall submit copies of the following documents to the authority:

- (1) The executed settlement statement;
- (2) The deed conveying title; and
- (3) The executed title guaranty certificate.

27.4(2) *MHOA assistance conditions.* All assistance under the program is subject to funding availability. Assistance will be awarded in the order in which all required documentation is received and approved by the authority. Assistance awarded pursuant to the program is personal to its recipient and nonassignable. A maximum of one assistance award is awarded per home purchase. If both homeowners

are eligible service members, only one may use the MHOA per home purchase. If another home is subsequently purchased, the other eligible service member may use the MHOA on the second home if the program exists and funds are available. An eligible service member is to receive only one award under the program. While program funds are available, the award is valid for 60 days in the case of purchases of existing or completed property and 120 days in the case of purchases of property being constructed or renovated. A reasonable extension may be granted with evidence of a purchase loan in progress that has been delayed due to circumstances beyond the service member's control.

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These rules are intended to implement Iowa Code sections 16.5(1) "r" and 16.54.

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