

CHAPTER 27
MILITARY SERVICE MEMBER HOME OWNERSHIP ASSISTANCE PROGRAM

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.

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 a person purchasing his or her primary residence in the state of Iowa who, at the time of application for a grant under the program, (1) is or was, if discharged under honorable conditions, a member of the national guard, reserve, or regular component of the armed forces of the United States under Title 10 or Title 32 and has served at least 90 days of active duty service, other than training, beginning on or after September 11, 2001, or during the period of the Persian Gulf Conflict, beginning August 2, 1990, and ending April 6, 1991; (2) was honorably discharged due to injuries incurred while on active federal service beginning on or after September 11, 2001, or during the period of the Persian Gulf Conflict, beginning August 2, 1990, and ending April 6, 1991; or (3) is a surviving spouse of a service member who met the eligibility criteria of (1) or (2) above.

“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.

“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 Web site: www.iowafinanceauthority.gov.

“Program” or *“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. The home must fall into one of the following categories:

1. Single-family residence, including “stick-built” homes, modular homes, or manufactured homes, provided the home is attached to a permanent foundation and is taxed as real estate;
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 16.92 to ensure marketable title to the lender or the homeowner, or both.

[**ARC 8945B**, IAB 7/28/10, effective 7/6/10; **ARC 9803B**, IAB 10/5/11, effective 11/9/11; **ARC 1595C**, IAB 9/3/14, effective 8/6/14; **ARC 1854C**, IAB 2/4/15, effective 3/11/15; **ARC 3424C**, IAB 10/25/17, effective 11/29/17]

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. In the case of the purchase of a qualified home that is to be financed, the eligible service member must 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 shall 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 the military assistance, the eligible service member shall provide the participating or facilitating lender with the status documentation and all necessary program documents.

c. Once the lender has received all of the information required by this subrule, the lender shall transmit copies of the necessary documentation to the authority.

27.3(3) Cash home purchases. In the case of a cash purchase of a qualified home, the eligible service member shall provide directly to the authority status documentation, the purchase agreement with any addenda or attachments for a primary residence, and a title guaranty commitment.

27.3(4) Referral of status documentation to Iowa department of veterans affairs. The authority shall submit the status documentation, upon receipt, to the Iowa department of veterans affairs for verification that the applicant is an eligible service member. The Iowa department of veterans affairs shall be the final authority as to whether an applicant is an eligible service member.

27.3(5) Notice of MHOA approval. Upon confirmation of the applicant's eligibility by the Iowa department of veterans affairs and the authority, the authority shall notify the lender, or eligible service member in the case of a cash purchase, that the MHOA application has been approved.

27.3(6) Gaps in funding. In cases where the military assistance funds are unavailable during the home purchase process, MHOA requests for approval may be placed on a waiting list. When funds are again available and the home purchase closed without the benefit of military assistance funds being applied toward closing costs or down payment, the proceeds of the assistance shall 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 the assistance 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 shall be valid for one year, and lenders annually will need to submit an application, including the application fee. The application fee may not be charged in part or in full to a service member or to a property seller.

[ARC 8945B, IAB 7/28/10, effective 7/6/10; ARC 9803B, IAB 10/5/11, effective 11/9/11; ARC 0827C, IAB 7/10/13, effective 8/14/13; see Delay note at end of chapter; ARC 1142C, IAB 10/30/13, effective 10/15/13; ARC 1253C, IAB 12/25/13, effective 1/29/14; ARC 1595C, IAB 9/3/14, effective 8/6/14; ARC 1854C, IAB 2/4/15, effective 3/11/15; ARC 3424C, IAB 10/25/17, effective 11/29/17]

265—27.4(16) MHOA award. Assistance awarded hereunder shall be up to \$5,000 toward the purchase of a qualified home.

27.4(1) MHOA reimbursement. The lender shall advance funds at closing in an amount equal to the assistance on behalf of the eligible service member. After closing, the lender shall submit to the authority copies of the following documents: an executed settlement statement, the deed conveying title, a title guaranty commitment, and the promissory note and mortgage. After closing, for cash home purchasers, the eligible service member shall submit to the authority a copy of the executed settlement statement, the deed conveying title and the executed title guaranty certificate.

27.4(2) MHOA assistance restrictions and limitations. 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 may not be assigned. Only one award of assistance shall be awarded per home purchase. If both homeowners are eligible service members, only one may use the MHOA per home purchase. If another home is purchased at a later date, 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 shall receive only one award under the program. While program funds are available, the award shall be 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 which has been delayed due to circumstances beyond the service member's control.

[ARC 8945B, IAB 7/28/10, effective 7/6/10; ARC 9803B, IAB 10/5/11, effective 11/9/11; ARC 3424C, IAB 10/25/17, effective 11/29/17]

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

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¹ August 14, 2013, effective date of ARC 0827C [27.3(2)] delayed 70 days by the Administrative Rules Review Committee at its meeting held August 6, 2013.