

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.

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