

**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 entail application and supporting document review by the authority and a determination of the service member's eligibility by the Iowa department of veterans affairs. A minimum of two weeks should be allowed for response from the authority.

**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 lender or a lender approved to facilitate MHOA assistance. The mortgage financing provided shall be a mortgage loan made pursuant to one of the authority's home buyer mortgage programs if the service member qualifies for it; provided, however, that notwithstanding the foregoing, a service member may utilize a mortgage loan that is not made pursuant to one of the authority's home buyer mortgage programs if:

(1) Such mortgage loan is offered by either:

1. A lender that participates in one of the authority's first mortgage financing programs, or
2. A lender approved pursuant to Iowa Code section 16.54(5); and

(2) The authority determines that the offered financing would be economically feasible and financially advantageous for the eligible service member. The authority shall presume an offer of financing to be financially advantageous for the eligible service member if the offered financing has an annual percentage rate that is at least 25 basis points lower than the most nearly equivalent loan offered by participating lenders on the same date pursuant to one of the authority's home buyer mortgage programs.

If the service member does not qualify for one of the authority's home buyer mortgage programs, another permanent, fixed rate, fully amortizing mortgage loan may be used.

*b.* To apply for the military assistance, the eligible service member shall provide the lender with all of the following:

- (1) Status documentation;
- (2) A bona fide purchase agreement with any addenda or attachments for a primary residence;
- (3) A complete loan application on Form 1003;
- (4) A copy of a government-issued photo identification card or a lender certification that a government-issued photo identification card has been provided;
- (5) A copy of the subject appraisal; and
- (6) Documentation that demonstrates the home will be occupied as a primary residence.

*c.* The eligible service member shall assist the participating lender in completing an MHOA application on a form approved by the authority stating the amount of the assistance being requested. In the event the service member is not using one of the authority's mortgage programs, the request submission must include early truth-in-lending and good-faith estimate disclosures.

*d.* Once it has received all of the information required by this subrule, the lender shall transmit copies of the loan application, the status documentation, the purchase agreement, the photo ID, the appraisal, any necessary supporting documentation, and the MHOA application 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, a completed MHOA application form obtained from the authority, and a bona fide purchase agreement with any addenda or attachments for a primary residence.

**27.3(4) *Referral of status documentation to Iowa department of veterans affairs.*** Upon receipt of the completed MHOA application, the authority shall submit the status documentation to the Iowa department of veterans affairs for verification that the applicant's duty status is consistent with the definition of "eligible service member." The Iowa department of veterans affairs shall be the final

authority as to whether an applicant's duty status is consistent with the definition of "eligible service member."

**27.3(5) Notice of MHOA approval.** Upon confirmation of the applicant's service record by the Iowa department of veterans affairs, provided that the information submitted on the application form complies with the requirements of this chapter, 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 shall be placed on a waiting list. When funds are again available, provided that all other criteria have been met, including issuance of the title guaranty certificate, and where 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/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. Additional documentation required shall include a statement executed by the applicant authorizing the assistance to 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 application shall include a written request to be approved as an MHOA facilitating lender, a check for \$500 payable to the authority, a narrative describing the lender's mortgage origination process, including mortgage loan products offered through the lender, documentation of Iowa or federal regulation showing that the applicant is in good standing, an errors and omissions insurance declaration evidencing coverage of at least \$300,000, and a completed electronic funds transfer form. Lenders should allow a minimum of two weeks' response time from the authority. 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. Any approval granted pursuant hereto shall be contingent upon the approved lender's offering eligible service members a lower annual percentage rate than the annual percentage rates available at such time from lenders that participate in the authority's first mortgage financing programs.

[**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]