

**261—25.6 (15) Minimum application requirements.** To be considered for housing fund assistance, an application shall meet the following threshold criteria:

**25.6(1)** The application shall propose a housing activity consistent with the housing fund purpose and eligibility requirements, sustainability and smart growth principles, and the state consolidated plan.

**25.6(2)** The application shall document the applicant's capacity to administer the proposed activity. Such documentation may include evidence of successful administration of prior housing activities. IDED reserves the right to deny funding to an applicant that has failed to comply with federal and state requirements in the administration of a previous project funded by IDED. Documentation of the ability of the applicant to provide technical services and of the availability of certified lead professionals and contractors either trained in safe work practices or certified as abatement contractors may also be required as applicable to the housing fund activity.

**25.6(3)** The application shall provide evidence of the need for the proposed activity, the potential impact of the proposed activity, consistency with sustainability and smart growth principles, and the feasibility of the proposed activity.

**25.6(4)** The application shall demonstrate local support for the proposed activity.

**25.6(5)** The application shall show that a need for housing fund assistance exists after all other financial resources have been identified and secured for the proposed activity.

**25.6(6)** The application shall include a certification that the applicant will comply with all applicable state and federal laws and regulations.

**25.6(7)** An application for a project located in a locally designated participating jurisdiction (PJ) must show evidence of a financial commitment from the local PJ at least equal to 25 percent of the total IDED HOME funds requested. Sources of a local PJ financial commitment could include one or more of the following: HOME, CDBG, TIF, tax abatement, or general funds. This requirement is waived for awards made by the department during federal HOME program year 2010 (October 1, 2009 – September 30, 2010).

**25.6(8)** An application for a home ownership assistance activity must indicate that recipients will require the beneficiaries of their home ownership assistance activity to use a principal mortgage loan product that meets the following criteria:

*a.* With the exception of Habitat for Humanity principal mortgage loan products, the principal mortgage loan must be the only repayable loan in all individual home ownership assistance projects.

*b.* The housing fund assistance may be recorded in junior position to the principal mortgage loan, but must be recorded in senior position to any and all other funding in all home ownership assistance projects. Recipients of housing fund home ownership assistance activities must maintain their assistance security agreements in the above-stated recording position throughout the applicable period of affordability and will not be allowed to subordinate the required recording position to any other forms of assistance, such as home equity loans.

*c.* Any mortgage lending entity's principal mortgage loan products may be used provided they meet all of the following minimum requirements:

(1) Loan interest rates may be no higher than four percentage points above the federal prime interest rate at the time of loan closing;

(2) Loan terms will include an 80 percent or higher loan-to-value ratio;

(3) No less than a 15-year, fully amortized, fixed-rate mortgage may be used; and

(4) No adjustable rate mortgages or balloon payment types of mortgages will be allowed.

*d.* Recipients are encouraged but not required to have the beneficiaries of their home ownership assistance activity utilize a principal mortgage loan product offered by one of the following: Iowa Finance Authority; USDA-Rural Development; Federal Home Loan Bank; HUD (including FHA and VA); Habitat for Humanity; Fannie Mae; or Freddie Mac.

**25.6(9)** An application for a home ownership assistance activity must stipulate that home ownership assistance is for first-time homebuyers only, and that the assisted unit will remain as the assisted homebuyer's principal residence throughout the required period of affordability.

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