

265—29.4(16) Eligible uses of funds.

29.4(1) *Forgivable loans.* The authority may award a forgivable loan to an eligible homeowner for any of the following purposes:

a. Repair or rehabilitation of the disaster-affected home.

b. Down payment assistance on the purchase of replacement housing, and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair. For purposes of this paragraph, “decent, safe, sanitary, and in good repair” means the same as described in 24 CFR §5.703. The amount of down payment assistance that may be awarded to an eligible homeowner must not exceed 25 percent of the purchase price of the home being purchased plus any amount allowed for repairs, or \$50,000, whichever is less.

(1) Replacement housing shall not be located in a 100-year floodplain.

(2) For purposes of calculating the amount of down payment assistance available to the eligible homeowner, the amount of the down payment assistance will be reduced by the amount of any disaster compensation received by the eligible homeowner in excess of any amount necessary to pay off a mortgage or real estate purchase contract on the disaster-affected home.

(3) As a condition of receiving down payment assistance, the eligible homeowner must agree that any disaster compensation received subsequent to the closing of the forgivable loan, if not applied toward repayment of a mortgage on the disaster-affected home, shall be used by the eligible homeowner to pay down the balance of the forgivable loan outstanding at the time the eligible homeowner receives such disaster compensation.

(4) An eligible homeowner shall not use the assistance allowed under this paragraph for the purchase of more than one home.

(5) Replacement housing must be used as the eligible homeowner’s primary residence.

29.4(2) *Grants.* The authority may award a grant to an eligible renter to provide short-term financial assistance for the payment of rent for replacement housing, pursuant to the limitations set forth in subrule 29.6(1).

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