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HOUSE FILE 823

By COMMITTEE ON HUMAN RESOURCES

Passed House, Date 5-20-75 (1844) Passed Senate, Date _____

Vote: Ayes 70 Nays 19 Vote: Ayes _____ Nays _____

Approved _____

Motion to reconsider lost 5-20 (1844)

A BILL FOR

1 An Act establishing the Iowa housing finance authority,
 2 prescribing its powers and duties, providing for related
 3 tax and other exemptions and appropriations, and provid-
 4 ing coordinating amendments related to implementation of
 5 the authority's programs.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. DEFINITIONS. As used in this
2 Act, unless the context otherwise requires:

3 1. "Authority" means the Iowa housing finance authority
4 established in section two (2) of this Act.

5 2. "Low or moderate income families" means families who
6 cannot afford to pay enough to cause private enterprise in
7 their locality to build an adequate supply of decent, safe,
8 and sanitary dwellings for their use, and includes, but is
9 not limited to, elderly families, families in which one or
10 more persons are handicapped or disabled, lower income families
11 and very low-income families.

12 3. "Lower income families" means families whose incomes
13 do not exceed eighty percent of the median income for the
14 area with adjustments for the size of the family or other
15 adjustments necessary due to unusual prevailing conditions
16 in the area, and includes, but is not limited to, very low-
17 income families.

18 4. "Very low-income families" means families whose incomes
19 do not exceed fifty percent of the median income for the area,
20 with adjustments for the size of the family or other
21 adjustments necessary due to unusual prevailing conditions
22 in the area.

23 5. "Elderly families" means families of low or moderate
24 income where the head of the household or his or her spouse
25 is at least sixty-two years of age or older, or the surviving
26 member of any such tenant family.

27 The authority shall establish by rule further definitions
28 applicable to this Act, and clarification of the definitions
29 in this section, as necessary to assure eligibility for funds
30 available under federal housing laws.

31 6. a. "Families" includes families consisting of a single
32 person in the case of a person who is at least sixty-two years
33 of age, is disabled, is handicapped, is displaced, or is the
34 remaining member of a tenant family.

35 b. "Families" includes two or more persons living together

1 who are at least sixty-two years of age, are disabled, or
2 are handicapped, or one or more such individuals living with
3 another person who is essential to such individual's care
4 or well-being.

5 7. "Disabled" means unable to engage in any substantial
6 gainful activity by reason of a medically determinable physical
7 or mental impairment.

8 8. "Handicapped" means having a physical or mental impair-
9 ment which is expected to be of long-continued and indefinite
10 duration, substantially impedes the ability to live indepen-
11 dently, and is of a nature that the ability to live indepen-
12 dently could be improved by more suitable housing conditions.

13 9. "Displaced" means displaced by governmental action,
14 or by having one's dwelling extensively damaged or destroyed
15 as a result of a disaster.

16 10. "Income" means income from all sources of each member
17 of the household, with appropriate exceptions and exemptions
18 reasonably related to an equitable determination of the
19 family's available income, as established by rule of the
20 authority.

21 11. a. "Housing" means single-family and multi-family
22 dwellings, and facilities incidental or appurtenant to the
23 dwellings, and includes noninstitutional residential care
24 facilities.

25 b. "Adequate housing" means housing which meets minimum
26 structural, heating, lighting, ventilation, sanitary, occupancy
27 and maintenance standards compatible with applicable building
28 and housing codes, as determined under rules of the authority.

29 12. "Noninstitutional residential care facility" means
30 any facility providing for a period exceeding twenty-four
31 consecutive hours accommodation, board, personal assistance
32 and other essential daily living activities to three or more
33 individuals, not related to the administrator or owner thereof
34 within the third degree of consanguinity, who by reason of
35 age, illness, disease, or physical or mental infirmity are

1 unable to sufficiently or properly care for themselves but
2 who do not require the services of a registered or licensed
3 practical nurse except on an emergency basis.

4 13. "Mortgage" means a mortgage, mortgage deed, deed of
5 trust, or other instrument creating a first lien, subject
6 only to title exceptions acceptable to the authority, on a
7 fee interest in real property located within this state, or
8 on a leasehold on such a fee interest which has a remaining
9 term at the time of computation that exceeds the maturity
10 date of the mortgage loan.

11 14. "Mortgage lender" means any bank, trust company,
12 mortgage company, national banking association, savings and
13 loan association, life insurance company, or any other
14 financial institution authorized to make mortgage loans in
15 this state.

16 15. "Mortgage loan" means a financial obligation secured
17 by a mortgage.

18 16. "Bond" means a bond issued by the authority pursuant
19 to sections twenty-six (26) through thirty-one (31) of this
20 Act.

21 17. "Note" means a bond anticipation note or a housing
22 development fund note issued by the authority pursuant to
23 this Act.

24 18. "State agency" means any board, commission, department,
25 public officer, or other agency of the state of Iowa.

26 19. "Housing development" means any work or undertaking
27 of new construction or rehabilitation of one or more housing
28 units, or the acquisition of existing residential structures,
29 for the provision of housing, which is financed pursuant to
30 the provisions of this Act for the primary purpose of providing
31 housing for low or moderate income families. A housing
32 development may include housing for other economic groups
33 as part of an overall plan to develop new or rehabilitated
34 communities or neighborhoods, where housing low or moderate
35 income families is a primary goal. A housing development

1 may include any buildings, land, equipment, facilities, or
2 other real or personal property which is necessary or
3 convenient in connection with the provision of housing,
4 including, but not limited to, streets, sewers, utilities,
5 parks, site preparation, landscaping, and other nonhousing
6 facilities, such as administrative, community, health,
7 recreational, educational, and commercial facilities, as the
8 authority determines to be necessary or convenient in relation
9 to the purposes of this Act.

10 20. "Housing sponsor" means any individual, joint venture,
11 partnership, limited partnership, trust, corporation, housing
12 cooperative, local public entity, governmental unit, or other
13 legal entity, or any combination thereof, approved by the
14 authority or pursuant to standards adopted by the authority
15 as qualified to either own, construct, acquire, rehabilitate,
16 operate, manage, or maintain a housing development, whether
17 for profit, nonprofit, or limited profit, subject to the
18 regulatory powers of the authority and other terms and
19 conditions set forth in this Act. "Housing sponsor" does
20 not include a low or moderate income family which is eligible
21 to own or occupy a housing development.

22 Sec. 2. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

23 1. The Iowa housing finance authority is established,
24 and constituted a public instrumentality and agency of the
25 state exercising public and essential governmental functions,
26 established to undertake programs which assist in attainment
27 of adequate housing for low or moderate income families,
28 elderly families, families which include one or more persons
29 who are handicapped or disabled, and the Iowa homesteading
30 program. The powers of the authority shall be vested in and
31 exercised by a board of nine members appointed by the governor
32 with the approval of two-thirds of the members of the senate.
33 No more than five members shall belong to the same political
34 party. Any individual or organization may submit the names
35 of nominees for membership to the governor in writing within

1 thirty days of the effective date of this section, but the
2 governor is not bound to select the members from the nominees
3 submitted. As far as possible the governor shall include
4 within the membership persons determined by him to represent
5 the following interests:

- 6 a. Community and housing development industries.
- 7 b. Housing finance industries.
- 8 c. Real estate sales industry.
- 9 d. Elderly families.
- 10 e. Minorities.
- 11 f. Lower income families.
- 12 g. Very low-income families.
- 13 h. Handicapped and disabled families.

14 2. Members of the authority shall be appointed by the
15 governor for a term of six years, except that, of the first
16 appointments, three members shall be appointed for a term
17 of two years, and three members shall be appointed for a term
18 of four years. A person appointed to fill a vacancy shall
19 serve only for the unexpired portion of the term. A member
20 is eligible for reappointment. A member of the authority
21 may be removed from office by the governor for misfeasance,
22 malfeasance or willful neglect of duty or other just cause,
23 after notice and hearing, unless the notice and hearing is
24 expressly waived in writing.

25 3. Six members of the authority constitute a quorum and
26 the affirmative vote of at least five members is necessary
27 for any substantive action taken by the authority. A vacancy
28 in the membership does not impair the right of a quorum to
29 exercise all rights and perform all duties of the authority.

30 4. Members of the authority are entitled to receive forty
31 dollars per diem for each day spent in performance of duties
32 as members, and shall be reimbursed for all actual and neces-
33 sary expenses incurred in the performance of duties as members.

34 5. Members of the authority and the executive director
35 shall give bond as required for public officers in chapter

1 sixty-four (64) of the Code.

2 6. Meetings of the authority shall be held at the call
3 of the chairman or whenever two members so request.

4 7. Members shall elect a chairman and vice chairman
5 annually, and other officers as they determine, but the
6 executive director shall serve as secretary to the authority.

7 Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general
8 assembly finds and declares as follows:

9 1. The establishment of the authority is in all respects
10 for the benefit of the people of the state of Iowa, for the
11 improvement of their health and welfare, and for the promotion
12 of the economy, which are public purposes.

13 2. The authority will be performing an essential
14 governmental function in the exercise of the powers and duties
15 conferred upon it by this Act.

16 3. There exists a serious shortage of safe and sanitary
17 residential housing available to low or moderate income
18 families.

19 4. This shortage is conducive to disease, crime,
20 environmental decline and poverty and impairs the economic
21 value of large areas, which are characterized by depreciated
22 values, impaired investments, and reduced capacity to pay
23 taxes and are a menace to the health, safety, morals and
24 welfare of the citizens of the state.

25 5. These conditions result in a loss in population and
26 further deterioration, accompanied by added costs to
27 communities for creation of new public facilities and services
28 elsewhere.

29 6. One major cause of this condition has been recurrent
30 shortages of funds in private channels.

31 7. These shortages have contributed to reductions in
32 construction of new residential units, and have made the sale
33 and purchase of existing residential units a virtual
34 impossibility in many parts of the state.

35 8. The ordinary operations of private enterprise have

1 not in the past corrected these conditions.

2 9. The reduction in residential construction has caused
3 substantial unemployment and under-employment in the
4 construction industry which results in hardships, wastes human
5 resources, increases the public assistance burden of the
6 state, impairs the security of family life, impedes the
7 economic and physical development of the state and adversely
8 affects the welfare and prosperity of all the people of the
9 state.

10 10. A stable supply of adequate funds for residential
11 financing is required to encourage new housing in an orderly
12 and sustained manner and to reduce the problems described
13 in this section.

14 11. It is necessary to create a state housing finance
15 authority to encourage the investment of private capital and
16 stimulate the construction and rehabilitation of adequate
17 housing through the use of public financing.

18 12. All of the purposes stated in this section are public
19 purposes and uses for which public moneys may be borrowed,
20 expended, advanced, loaned or granted.

21 Sec. 4. NEW SECTION. GUIDING PRINCIPLES. In the
22 performance of its duties and implementation of its powers,
23 and in the selection of specific programs and projects to
24 receive its assistance, the authority shall be guided by the
25 following principles:

26 1. The authority should not become an owner of real
27 property, except on a temporary basis where necessary in order
28 to implement its programs, protect its investments by means
29 of foreclosure or other means, or to facilitate transfer of
30 real property for the use of low or moderate income families.

31 2. The authority should function in cooperation with local
32 governmental units and local or regional housing agencies,
33 and in fulfillment of local or regional housing plans, and
34 to that end shall provide technical assistance to local
35 governmental units and local or regional agencies in need

1 of that assistance.

2 3. A local contributing effort shall be required of each
3 project assisted by the authority. As used in this subsection,
4 "project" includes one or more programs authorized under the
5 provisions of this Act. The local contribution may be provided
6 by local governmental units or by local or regional agencies,
7 public or private. Unless otherwise specified in this Act,
8 the percentage and type of local contribution shall be
9 determined by the authority, and may include, but should not
10 be limited to, cash match, land contribution, tax abatement,
11 or ancillary facilities. The authority shall encourage
12 ingenuity and creativity in local effort.

13 4. The authority shall encourage units of local government
14 and local and regional housing agencies to use federal revenue-
15 sharing funds for programs which increase or improve the
16 supply of adequate housing for low or moderate income families.

17 5. The authority shall encourage cooperative housing
18 efforts at the local level, both with respect to the
19 cooperation of public bodies with private enterprise and civic
20 groups, and with respect to the formation of regional or
21 multi-city units engaged in housing.

22 6. Wherever practicable, the authority shall give
23 preference to the following types of programs:

24 a. Those which treat housing problems in the context of
25 the total needs of individuals and communities, recognizing
26 that individuals may have other problems and needs closely
27 related to their need for adequate housing, and that the
28 development of isolated housing units without regard for
29 neighborhood and community development tends to create
30 undesirable consequences.

31 b. Those which promote home ownership by families of low
32 or moderate income, recognizing the need for educational
33 counseling programs in family financial management and home
34 maintenance in order to achieve this goal.

35 c. Those which involve the rehabilitation and conservation

1 of existing housing units, and the preservation of existing
2 neighborhoods and communities.

3 7. The authority shall encourage the protection,
4 restoration and rehabilitation of historic properties, and
5 the preservation of other properties of special value for
6 architectural or esthetic reasons. As used in this subsection,
7 "historic properties" means landmarks, landmark sites, or
8 districts which are significant in the history, architecture,
9 archaeology or culture of this state, its communities, or the
10 nation.

11 Sec. 5. NEW SECTION. GENERAL POWERS. The authority has
12 all of the general powers necessary or convenient to carry
13 out its purposes and duties, and exercise its specific powers,
14 including but not limited to the power to:

15 1. Issue its negotiable bonds and notes as provided in
16 sections twenty-six (26) through thirty-one (31) of this Act
17 in order to finance its programs.

18 2. Sue and be sued in its own name.

19 3. Have and alter a corporate seal.

20 4. Make and alter bylaws for its management consistent
21 with the provisions of this Act.

22 5. Make and execute agreements, contracts and other instru-
23 ments, with any public or private entity. All political
24 subdivisions, public housing agencies, other public agencies
25 and state departments and agencies may enter into contracts
26 and otherwise cooperate with the authority.

27 6. Acquire, hold, improve, mortgage, lease and dispose
28 of real and personal property, including, but not limited
29 to, the power to sell at public or private sale, with or
30 without public bidding, any such property, mortgage loan,
31 or other obligation held by it.

32 7. Procure insurance against any loss in connection with
33 its operations and property interests.

34 8. Fix and collect fees and charges for its services.

35 9. Subject to any agreement with bondholders or

1 noteholders, invest or deposit moneys of the authority in
2 any manner determined by the authority, notwithstanding the
3 provisions of chapters four hundred fifty-two (452), four
4 hundred fifty-three (453) or four hundred fifty-four (454)
5 of the Code.

6 10. Accept appropriations, gifts, grants, loans, or other
7 aid from public or private entities. A record of all gifts
8 or grants, stating the type, amount and donor, shall be clearly
9 set out in the authority's annual report along with the record
10 of other receipts.

11 11. Provide technical assistance and counseling related
12 to the authority's purposes, to public and private entities.

13 12. In cooperation with other local, state or federal
14 governmental agencies, conduct research studies, develop
15 estimates of unmet housing needs, and gather and compile
16 data useful to facilitate decision making.

17 13. Cooperate in development of, and initiate housing
18 demonstration projects.

19 14. Contract with architects, engineers, attorneys,
20 accountants, housing construction and finance experts, and
21 other advisors. However, the authority may enter into
22 contracts or agreements for such services with local, state
23 or federal governmental agencies.

24 15. Make, alter and repeal rules consistent with the
25 provisions of this Act, and subject to chapter seventeen A
26 (17A) of the Code.

27 Sec. 6. NEW SECTION. STAFF.

28 1. The governor, with the approval of two-thirds of the
29 members of the senate, shall appoint an executive director
30 of the authority, who shall serve at the pleasure of the
31 governor. The executive director shall be selected primarily
32 for administrative ability and knowledge in the field, without
33 regard to political affiliation. The executive director shall
34 not, directly or indirectly, exert influence to induce any
35 other officers or employees of the state to adopt a political

1 view, or to favor a political candidate for office.

2 2. The executive director shall advise the authority on
3 matters relating to housing and housing finance, carry out
4 all directives from the authority, and hire and supervise
5 the authority's staff pursuant to its directions and under
6 the provisions of chapter nineteen A (19A) of the Code.

7 3. The executive director, as secretary of the authority,
8 shall keep a record of the proceedings of the authority and
9 shall be custodian of all books, documents and papers filed
10 with the authority and of its minute book and seal. He shall
11 have authority to cause to be made copies of all minutes and
12 other records and documents of the authority and to give
13 certificates under the seal of the authority to the effect
14 that such copies are true copies and all persons dealing with
15 the authority may rely upon such certificates.

16 Sec. 7. NEW SECTION. ANNUAL REPORT.

17 1. The authority shall submit to the governor and to the
18 general assembly, not later than January fifteenth each year,
19 a complete report setting forth:

- 20 a. Its operations and accomplishments.
- 21 b. Its receipts and expenditures during the fiscal year,
22 in accordance with the classifications it establishes for
23 its operating and capital accounts.
- 24 c. Its assets and liabilities at the end of its fiscal
25 year and the status of reserve, special and other funds.
- 26 d. A schedule of its bonds and notes outstanding at the
27 end of its fiscal year, together with a statement of the
28 amounts redeemed and issued during its fiscal year.
- 29 e. A statement of its proposed and projected activities.
- 30 f. Recommendations to the general assembly, as it deems
31 necessary.
- 32 g. An analysis of current housing needs in the state.

33 2. The annual report shall identify performance goals
34 of the authority, and clearly indicate the extent of progress
35 during the reporting period, in attaining the goals. Where

1 possible, results shall be expressed in terms of housing
2 units.

3 Sec. 8. NEW SECTION. PERCENTAGE REQUIREMENT. Not less
4 than thirty percent of the housing units provided directly
5 or indirectly by the authority in each three-year period
6 beginning July 1, 1975, must be units specially designed for
7 and directed to elderly families, families which include one
8 or more persons who are handicapped or disabled, or very low-
9 income families. Failure to comply with this requirement
10 does not invalidate any bonds, notes or other obligations
11 of the authority, but in case of failure to comply the
12 authority shall make a special report to the governor as to
13 the reasons for the failure.

14 Sec. 9. NEW SECTION. NONDISCRIMINATION AND AFFIRMATIVE
15 ACTION.

16 1. Housing financed or otherwise assisted by the authority,
17 directly or indirectly, shall be open to all persons regardless
18 of race, creed, color, sex, national origin, or religion.

19 2. The authority shall promote marketing plans to make
20 housing available to all persons without discrimination.

21 3. The authority shall require adoption and submission
22 of an affirmative action program for employment by all
23 contractors and subcontractors of housing financed or otherwise
24 assisted by the authority.

25 4. The authority shall require all mortgage lenders who
26 participate in programs financed or otherwise assisted by
27 it to agree that they will not designate certain areas as
28 unsuitable for the making of mortgage loans because of the
29 prevailing income, racial, ethnic or other characteristics
30 of the inhabitants of the area. This subsection is intended
31 to prohibit all mortgage lenders who participate in authority
32 programs from engaging in the practice commonly known as "red-
33 lining".

34 5. The authority may require mortgage lenders who
35 participate in programs financed or otherwise assisted by

1 the authority to take affirmative action to make mortgage
2 loans in areas with a higher than average concentration of
3 lower-income families or members of racial or ethnic
4 minorities.

5 Sec. 10. NEW SECTION. SURPLUS MONEYS. All moneys declared
6 by the authority to be surplus moneys which are not required
7 to service bonds and notes issued by the authority, to pay
8 administrative expenses of the authority, or to accumulate
9 necessary operating or loss reserves, shall be used by the
10 authority to provide grants, subsidies, and services to lower
11 income families and very low-income families through any of
12 the programs authorized in this Act.

13 Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Any programs
14 authorized in this Act may be combined with any other programs
15 authorized in this Act in order to facilitate as far as
16 practicable the provision of adequate housing to low and
17 moderate income families.

18 Sec. 12. NEW SECTION. MORTGAGE LOANS.

19 1. The authority may make mortgage loans, including but
20 not limited to mortgage loans insured, guaranteed, or otherwise
21 secured by the federal government or by private mortgage
22 insurers, to housing sponsors to provide long-term financing
23 for the purchase, building, or rehabilitation of adequate
24 housing for low or moderate income families, elderly families,
25 families which include one or more persons who are handicapped
26 or disabled, and noninstitutional residential care facilities.

27 2. A mortgage loan under this section may be made only
28 when the authority determines that the housing sponsor is
29 unable to obtain the necessary financing from other sources
30 upon terms and conditions which the sponsor reasonably could
31 be expected to fulfill.

32 3. The authority shall make and execute contracts with
33 mortgage lenders for the servicing of mortgage loans made
34 under this section. The authority may pay the reasonable
35 value of services rendered pursuant to such contracts.

1 4. Mortgage loans shall contain terms and provisions
2 including interest rates, and be in a form as established
3 by rules of the authority. The authority shall require the
4 housing sponsor or its contractor to post labor and materials
5 surety bonds, and construction performance surety bonds in
6 amounts related to the cost of the housing, and to execute
7 other assurances and guarantees reasonably related to
8 protecting the security of the mortgage loan, as the authority
9 deems necessary.

10 5. In considering an application for a mortgage loan under
11 this section, the authority shall determine that the housing
12 will be adequate and provide for the special needs of families
13 of low or moderate income, elderly families, or families which
14 include one or more persons who are handicapped or disabled,
15 or will meet state standards for noninstitutional residential
16 care facilities, and shall also give consideration to:

17 a. The comparative need for housing or noninstitutional
18 residential care facilities in the area.

19 b. The ability of the applicant to operate, manage and
20 maintain the proposed housing.

21 6. Each mortgage loan shall be subject to an agreement
22 between the authority and the housing sponsor which will
23 subject the housing sponsor to limitations established by
24 the authority as to rentals and other charges, builders' and
25 developers' profits and fees, and dispositions of interests
26 in the property mortgaged, including provisions to prohibit
27 assumption of a mortgage without permission of the mortgagee.

28 7. As a condition of a mortgage loan, the authority may,
29 upon reasonable notice, during construction or rehabilitation
30 of the housing and during its operation:

31 a. Enter upon and inspect the physical condition of the
32 premises, examine books and records of the housing sponsor,
33 and impose fees to cover the cost of the inspections and
34 examinations.

35 b. Require alterations or repairs as necessary to protect

1 the security of its investment and the welfare of the occu-
2 pants, and to insure that the housing is in conformity with
3 applicable federal, state and local laws.

4 c. Require whatever action is necessary to comply with
5 applicable federal, state and local laws, and file and prose-
6 cute a complaint or seek injunctive relief for a violation
7 of applicable federal, state or local laws.

8 8. A mortgage loan may be prepaid to maturity after a
9 period of years as determined by rule of the authority, if
10 the authority determines that the prepayment will not result
11 in a material escalation of rents or fees charged to the
12 occupants.

13 Sec. 13. NEW SECTION. LEASE-PURCHASE AGREEMENTS. By
14 means of its other financing programs, the authority may
15 provide for or assist in the provision of housing which will
16 be transferred to low or moderate income families, pursuant
17 to lease-purchase agreements.

18 1. A lease-purchase agreement shall include, but not be
19 limited to the following terms:

20 a. The original lease-purchase agreement shall be for
21 a term of one year, with option by lessee to renew on the
22 same terms. The lease may be terminated by the lessee, upon
23 sixty-days' written notice. The lease may be terminated by
24 the lessor at any time for breach of the agreement by the
25 lessee, by service on the lessee of a notice to quit in
26 conformance with state law.

27 The lease may otherwise be terminated by the lessor upon
28 sixty-days' written notice for only the following causes:

29 (1) In the event of sale of the property due to insolvency
30 of the lessor, in which case the lessee will be given first
31 option to purchase the property before the sale is made.

32 (2) For purposes of removing the buildings, or materially
33 altering or improving them, to conform with local housing
34 or building codes.

35 b. The rent shall not exceed twenty-five percent of the

1 lessee's income, but the lessee shall have the option to pay
2 additional amounts.

3 c. The lessee shall be responsible for routine maintenance
4 of the property, and for its performance shall be credited
5 with an amount equal to the budgeted amount for monthly routine
6 maintenance in the monthly housing cost. This credit may
7 be applied by the lessee to the purchase price in the event
8 he exercises his option to purchase the property.

9 d. The premises or a portion of them shall be used by
10 the lessee as a dwelling and no part may be assigned or
11 subleased without the lessor's written approval.

12 e. The agreement shall be terminated if the property
13 suffers substantial destruction or is taken by condemnation.

14 f. Major repairs and remodeling or reconstruction shall
15 be undertaken by the lessee only upon written approval by
16 the lessor, and the costs of major repairs and remodeling
17 or reconstruction may be paid by the lessor, or the lessee
18 may deduct the cost including reasonable costs for the lessee's
19 labor from the rent payments, and receive full credit.

20 g. The original lease-purchase agreement shall state a
21 monthly housing cost for the unit, equal to the sum of the
22 following:

- 23 (1) The monthly debt service on the property.
- 24 (2) One-twelfth of the annual real property taxes.
- 25 (3) One-twelfth of the annual premium for fire and extended
26 coverage, and casualty insurance.
- 27 (4) The current monthly amount budgeted for routine
28 maintenance and nonroutine maintenance reserves.
- 29 (5) Other monthly costs specified in the agreement.

30 2. At the time the original lease-purchase agreement is
31 entered into, the lessee and lessor shall also enter into
32 an option to purchase agreement, which shall include but not
33 be limited to the following terms:

34 a. The purchase price of the property shall be the
35 unamortized balance of debt on the property plus the lessor's

1 original down-payment.

2 b. The option to purchase shall state the market value
3 of the property or the lessor's purchase cost of the property,
4 whichever is smaller, and shall state the amount, term and
5 interest rate of any mortgage loan on the property.

6 c. The lessee shall have the right to exercise his option
7 to purchase the property when all of the following conditions
8 have been met:

9 (1) The lessee has maintained a level of rent payments
10 equal to the monthly housing cost of the property for a period
11 of one year.

12 (2) The lessee has complied with the terms of the lease
13 during the leasing period.

14 (3) The lessee is able to meet the established purchase
15 price through a combination of earned credits toward
16 downpayment, downpayment grant, assumption of the lessor's
17 mortgage, refinancing with a new mortgage, or contract of
18 sale from the lessor.

19 d. The payments required under the mortgage or contract
20 of sale shall be sufficient to pay taxes, insurance, and the
21 stated minimum interest, and to amortize the stated market
22 value of the property within a period of not to exceed fifty
23 years from the date of the original lease-purchase agreement.

24 e. All rent paid by the lessee, less the amount necessary
25 to pay taxes, insurance, and interest, shall be applied to
26 and considered as a part of the down payment against the
27 stated market value of the property.

28 f. The authority may establish other criteria reasonably
29 related to determining that a lessee is capable of handling
30 the responsibilities of home ownership before a transfer of
31 title is made or a contract of sale is entered into.

32 3. To the extent funds are available, the authority may
33 provide down payment grants to very low-income families and
34 lower income families who have established home ownership
35 capability by making regular payments under a lease from their

1 own resources for a period of not less than one year and by
2 meeting other criteria reasonably related to determining that
3 a lessee is capable of handling the responsibilities of home
4 ownership, as the authority establishes by rule. In addition,
5 the authority may provide funds to private, nonprofit
6 organizations for the purpose of making down-payment grants
7 to very low-income families and lower income families who
8 are participating in lease-purchase programs administered
9 by the organization which meet standards similar to the
10 standards specified in this section, and which are acceptable
11 to the authority.

12 4. The authority may combine the lease-purchase program
13 with other programs provided or assisted by the authority,
14 in order to encourage eventual home ownership by very low-
15 income families and lower income families who are able to
16 establish home ownership capability by showing regularity
17 of payment and property maintenance.

18 Sec. 14. NEW SECTION. IOWA HOMESTEADING PROGRAM.

19 1. The Iowa homesteading program is established to be
20 under the supervision of the authority. The purpose of the
21 program is to alleviate problems of slums and blighted areas,
22 to provide for rehabilitation of dilapidated and deteriorating
23 housing, and to make existing housing available to families,
24 all of which are declared to be public purposes. The authority
25 may establish homesteading projects in any part of the state,
26 subject to the approval of the local governing body and in
27 cooperation with suitable local agencies, may provide financial
28 and technical assistance to housing sponsors for the
29 establishment of homesteading projects which meet the
30 requirements of this Act, and may coordinate and cooperate
31 with similar local projects to provide housing.

32 2. When the authority implements its homesteading program,
33 it shall:

34 a. Encourage private rehabilitation of abandoned or
35 dilapidated housing through homesteading projects where normal

1 private or governmental development or rehabilitation is
2 economically unfeasible or has been neglected.

3 b. Locate and compile a catalog of all private, city,
4 state and federally owned abandoned or dilapidated structures
5 appropriate for inclusion in homesteading projects, utilizing
6 the aid of other local, state and federal agencies.

7 c. Publicize the homesteading program and available prop-
8 erties.

9 d. Employ staff persons with knowledge and experience
10 in residential housing finance, construction or rehabilitation,
11 and in dealing with housing problems.

12 e. Establish a coordinated approach toward neighborhood
13 improvement through the homesteading program and the upgrading
14 of community services and facilities.

15 3. The authority may:

16 a. Recommend foreclosure or condemnation proceedings
17 against private properties or purchase at tax sale to transfer
18 title for homesteading purposes, and recommend that local,
19 state and federal properties be made available for homestead-
20 ing purposes.

21 b. Recommend legislation to provide appropriate exemptions
22 from real property tax laws for homesteading properties.

23 c. Recommend temporary suspension or temporary or permanent
24 modification of building and housing code requirements to
25 the extent necessary to permit safe and economical
26 rehabilitation of housing.

27 4. The authority shall formulate and revise as necessary
28 rules for approval of homesteading projects based upon the
29 following requirements, and others as needed.

30 a. Homesteading projects shall provide for:

31 (1) Approval of homesteading applicants on a first in
32 time is first in right basis, unless probability of success
33 with a subsequent applicant is substantially higher. In cases
34 of two or more applicants for a single property, priority
35 may be given to a resident of the city or county where the

1 property is located, or to the applicant with the lowest
2 income who is otherwise qualified.

3 (2) Aid and assistance for applicants to apply for and
4 receive financial and technical assistance and counseling
5 from public or private sources.

6 (3) Announced quarterly inspections of homesteads during
7 rehabilitation.

8 (4) Payment for the reasonable value of improvements on
9 property returned for good faith failure to comply with the
10 homesteading requirements, less a reasonable rental value.

11 (5) Repossession of property upon proper notice and hearing
12 unless waived by the homestead applicant, for unreasonable
13 failure to comply with homesteading requirements.

14 b. Applicants for a homesteading project shall:

15 (1) Have reached the age of majority.

16 (2) Be United States citizens or registered aliens.

17 (3) Agree to rehabilitate the property to meet applicable
18 building or housing code standards within a two-year period
19 after initial transfer of conditional title.

20 (4) Agree to live in and occupy the housing for five con-
21 tinuous years.

22 c. The housing sponsor providing the homesteading property
23 shall agree to:

24 (1) The conditional conveyance of unoccupied residential
25 property to the applicant with or without any substantial
26 consideration, which consideration may include the value of
27 work performed by the applicant in rehabilitating the property
28 during the period of the conditional conveyance.

29 (2) The revocation of the conveyance upon any material
30 breach of the agreement.

31 (3) The conveyance from the agency of fee simple title
32 to the property upon compliance with the agreement.

33 5. The authority may establish and maintain a "homesteading
34 fund" to be administered as follows:

35 a. The fund shall be used exclusively for rehabilitation

1 loans.

2 b. Rehabilitation loans shall be granted exclusively to
3 those selected for homesteading.

4 c. No rehabilitation loans shall be made until a condi-
5 tional conveyance has been issued.

6 d. The rehabilitation loans shall be for a maximum term
7 of twenty years.

8 e. The interest rates for rehabilitation loans shall be
9 established by rule of the authority and shall be as low as
10 practicable considering current market conditions.

11 f. All funds received as payment on the rehabilitation
12 loans shall be deposited in the homesteading fund.

13 g. The authority may require security for the rehabili-
14 tation loans.

15 Sec. 15. NEW SECTION. HOUSING ASSISTANCE FOR VERY LOW-
16 INCOME AND LOWER INCOME FAMILIES.

17 1. The authority shall participate in the housing assis-
18 tance payments program under section eight (8) of the United
19 States Housing Act of 1937, section one thousand four hundred
20 one (1401) et seq., title forty-two (42), United States Code,
21 as amended by section two hundred one (201) of the Housing
22 and Community Development Act of 1974 (Public Law ninety-three
23 dash three hundred eighty-three (93-383)). The purpose of
24 participation is to enable the authority to obtain, on behalf
25 of the state of Iowa, set-asides of contract authorization
26 reserved by the United States secretary of housing and urban
27 development for public housing agencies, to enter into annual
28 contributions contracts, to otherwise expedite use of the
29 program through the use of state housing finance funds, and
30 to encourage new construction and substantial rehabilitation
31 of housing suitable for assistance under the program.
32 Assistance may be provided for existing housing units made
33 available by owners for the program, as well as for newly
34 constructed housing units. Maximum rents shall be established
35 by the authority in conformity with federal law.

1 2. To establish maximum eligibility for set-asides the
2 authority shall:

3 a. Develop and implement procedures which will to the
4 fullest possible extent complement the allocation system of
5 the United States department of housing and urban development.

6 b. Evaluate statewide and local housing needs and develop
7 a program to provide housing in areas of most critical need,
8 within its allocation of set-aside contract authority.

9 c. Comply with all documentation and application require-
10 ments of the federal law.

11 3. The authority shall cooperate to the fullest extent
12 possible with local housing agencies for implementation of
13 the housing assistance payments program. The agency may enter
14 into agreements with local housing agencies, housing
15 cooperatives, or other public or private entities for
16 commitment of housing assistance upon completion of an approved
17 proposal, and may subsequently execute with such entities
18 housing assistance payments contracts.

19 4. Permanent financing for units to be subsidized under
20 the housing assistance payments program may be provided by
21 the authority, directly or indirectly, by the proceeds from
22 the sale of bonds and notes as provided in this Act, or by
23 other moneys available to the authority, by appropriations
24 or otherwise.

25 5. The authority shall, when appropriate, take necessary
26 steps to cooperate with the United States department of agri-
27 culture in implementation of sections five hundred seventeen
28 (517) and five hundred twenty-one (521) of the Housing Act
29 of 1949, sections one thousand four hundred eighty-seven
30 (1487) and one thousand four hundred ninety a (1490a), title
31 forty-two (42), United States Code, as amended by section
32 five hundred fourteen (514) of the Housing and Community
33 Development Act of 1974 (Public Law ninety-three dash three
34 hundred eighty-three 93-383)). The purpose of such programs
35 is to extend to rural areas the provisions of housing

1 assistance payments programs.

2 6. The authority shall, when appropriate, take necessary
3 steps to participate in the programs of federal assistance
4 to state housing finance agencies for expanding the supply
5 of housing available to low or moderate income families, as
6 provided in section eight hundred two (802) of the Housing
7 and Community Development Act of 1974 (Public Law ninety-three
8 dash three hundred eighty-three (93-383)).

9 7. The authority may participate in other programs under
10 the Housing and Community Development Act of 1974 (Public
11 Law ninety-three dash three hundred eighty-three (93-383)),
12 and in other federal programs designed to increase the supply
13 of adequate housing for low or moderate income families and
14 may recommend appropriate legislation to the general assembly
15 where further legislation is needed to accomplish such
16 participation.

17 Sec. 16. NEW SECTION. RENT SUPPLEMENTS.

18 1. The authority may establish and administer through
19 local public or private agencies a program of rent supplements
20 for very low-income and lower income families, to provide
21 for payment of a maximum of the difference between twenty-
22 five percent of an eligible family's income and the fair
23 market rental of a unit of housing, as established by the
24 authority. Eligibility of a housing unit for participation
25 in the rent supplement program is subject to approval by the
26 authority based on compliance with the definition of adequate
27 housing in this Act, and agreement by the owner to comply
28 with authority rules pertaining to equal housing opportunity,
29 maintenance, occupancy, and other authority policies. The
30 authority shall establish by rule eligibility and other cri-
31 teria reasonably related to the purposes of this section,
32 and application, processing and administrative requirements
33 for the rent supplement program, but shall attempt to keep
34 criteria and requirements simple and flexible.

35 2. A governing body of a city or county, a public housing

1 agency, or a private, nonprofit organization which provides
2 or wishes to provide housing to lower income families, is
3 eligible to apply for participation in the rent supplement
4 program. Funds available for the rent supplement program,
5 whether from appropriations or from other sources, shall be
6 made available by the authority to cities, counties, public
7 housing agencies, or private, nonprofit organizations on a
8 one-to-one matching basis with funds supplied by the cities,
9 counties, public housing agencies, or private, nonprofit
10 organizations that participate.

11 Sec. 17. NEW SECTION. EMERGENCY HOUSING FUND. The
12 authority may establish a fund to be known as the "emergency
13 housing fund" to be administered by the authority separate
14 and distinct from other moneys or funds administered by the
15 authority.

16 The emergency housing fund may be comprised of the proceeds
17 of appropriations, grants and other contributions and the
18 authority is authorized to accept contributions to the fund
19 from any source.

20 The emergency housing fund may be used to make grants and
21 temporary loans at interest rates and terms as determined
22 by the authority, for the following purposes:

23 1. To defray the local contribution requirement for housing
24 sponsors who apply for rent supplement assistance as provided
25 in section sixteen (16) of this Act and who, in the judgment
26 of the authority, would not be able to provide the local
27 contribution without undue hardship.

28 2. To defray temporary housing costs that result from
29 displacement by natural or other disaster, if the disaster
30 has been proclaimed by the governor.

31 3. To defray a portion of the expense required to develop
32 and initiate housing which deals creatively with the housing
33 problems of low or moderate income families, elderly families,
34 and families which include one or more persons who are
35 handicapped or disabled.

1 Sec. 18. NEW SECTION. HOUSING ASSISTANCE FUND. The
2 authority may establish a revolving fund to be known as the
3 "housing assistance fund", to be administered by the authority
4 as a trust fund separate and distinct from other moneys or
5 funds administered by the authority.

6 The housing assistance fund may be comprised of the proceeds
7 of appropriations, grants and other contributions, earnings
8 accruing to the authority, surplus moneys transferred as
9 provided in section ten (10) of this Act, and of fund notes
10 issued by the authority as provided in section nineteen (19)
11 of this Act, and the authority is authorized to accept
12 contributions to the fund from any source.

13 The housing assistance fund may be used to make temporary
14 loans at interest rates and terms as determined by the
15 authority, for the following purposes:

16 1. To defray development costs for housing for low or
17 moderate income families provided by housing sponsors. A
18 "development cost" loan shall be repaid in full by the borrower
19 concurrent with obtaining a construction loan, unless the
20 authority extends the period for repayment, but the period
21 for repayment shall not be extended beyond the date of
22 obtaining a mortgage loan on the housing. As used in this
23 section, "development costs" means the costs approved by the
24 authority as appropriate expenditures which may be incurred
25 by builders and developers prior to commitment and initial
26 advance of the proceeds of a construction loan or a mortgage
27 loan, including but not limited to:

28 a. Payments for options to purchase properties on the
29 proposed housing site, deposits on contracts of purchase,
30 or, with approval of the authority, payments for the purchasing
31 of such properties.

32 b. Legal and organizational expenses including payment
33 of attorney fees, project manager, clerical and other staff
34 salaries, office rent and other incidental expenses.

35 c. Payment of fees for preliminary feasibility studies

1 and advances for planning, engineering and architectural work.
2 d. Expenses for tenant surveys and market analysis.
3 e. Necessary application and other fees.
4 2. To make or participate in the making of mortgage loans
5 for rehabilitation or preservation of existing dwellings for
6 the use of low or moderate income families, elderly families
7 or families which include one or more persons who are
8 handicapped or disabled. A rehabilitation or preservation
9 loan may be for the estimated cost of the rehabilitation work
10 to be done, for the purpose of refinancing an existing mortgage
11 loan, for the purpose of doing the rehabilitation work, or
12 for the purpose of acquiring housing in which rehabilitation
13 work is to be done. The rehabilitation or preservation loan
14 shall not exceed, with all other existing indebtedness of
15 the property, the estimated market value of the property as
16 determined by the authority, after the rehabilitation or
17 preservation is completed, and the term of a loan shall not
18 exceed the estimated useful life of the property as determined
19 by the authority, after rehabilitation or preservation. The
20 proposed rehabilitation or preservation shall assure that
21 the property will not contain any substantial violation of
22 applicable housing codes. A rehabilitation or preservation
23 loan under this subsection may be made only when the authority
24 determines that the proposed mortgagor is unable to obtain
25 the necessary financing from other sources upon terms and
26 conditions which the proposed mortgagor reasonably could be
27 expected to fulfill. A rehabilitation or preservation loan
28 under this subsection may be provided only within an area
29 of a city for which an authorized city agency submits a
30 satisfactory affirmative neighborhood preservation program,
31 or in other areas within or outside of cities where the
32 authority determines that rehabilitation or preservation is
33 economically sound and a program of neighborhood preservation
34 is inappropriate. The following criteria, along with others
35 reasonably related to the purposes of this Act, which may

1 be determined by the authority, shall be considered in
2 determining whether an affirmative neighborhood preservation
3 program is satisfactory:

4 a. The degree of blight, decay or deterioration of housing
5 or the imminent threat of blight, decay or deterioration of
6 housing within the area.

7 b. The degree to which financing for repairs, remodeling
8 or rehabilitation of housing within the area is available.

9 c. The proportion of residential structures within the
10 area which are owner-occupied.

11 d. The degree to which the financial resources of proposed
12 occupants of the housing, including resources available to
13 them under this Act or other federal, state, and local laws
14 and programs, provide reasonable assurances of the economic
15 feasibility of the financing of rehabilitation or preservation.

16 e. The expressed commitment of the city to provide a
17 concentrated effort to enforce the applicable housing codes
18 within the area.

19 f. The expressed commitment of the city to provide capital
20 improvements and other city services so as to stabilize,
21 improve and restore the neighborhood.

22 Sec. 19. NEW SECTION. HOUSING ASSISTANCE FUND NOTES.

23 The authority may issue housing assistance fund notes, the
24 principal and interest of which shall be payable solely from
25 the housing assistance fund established under section eighteen
26 (18) of this Act. The fund notes of each issue shall be
27 dated, shall mature at such times not exceeding ten years
28 from their dates, and may be made redeemable before maturity,
29 at the option of the authority, at prices and under terms
30 and conditions as determined by the authority. The authority
31 shall determine the form and manner of execution of the fund
32 notes, including any interest coupons to be attached thereto,
33 and shall fix the denominations and the places of payment
34 of principal and interest, which may be any financial
35 institution within or without the state or any agent, including

1 the lender. If any officer whose signature or a facsimile
2 of whose signature appears on fund notes or coupons shall
3 cease to be that officer before the delivery of the notes
4 or coupons, the signature or facsimile shall be valid and
5 sufficient for all purposes the same as if the officer had
6 remained in office until delivery. The fund notes may be
7 issued in coupon or in registered form, or both, as the
8 authority determines, and provision may be made for the
9 registration of coupon fund notes as to principal alone and
10 also as to both principal and interest, and for the conversion
11 into coupon fund notes of any fund notes registered as to
12 both principal and interest, and for the interchange of
13 registered and coupon fund notes. Fund notes shall bear
14 interest at rates as determined by the authority and may be
15 sold in a manner, either at public or private sale, and for
16 a price as the authority determines to be best to effectuate
17 the purposes of the housing assistance fund. The proceeds
18 of fund notes shall be used solely for the purposes for which
19 issued and shall be disbursed in a manner and under
20 restrictions as provided in this section and in the resolution
21 of the authority providing for their issuance. The authority
22 may provide for the replacement of fund notes which become
23 mutilated or are destroyed or lost.

24 | Sec. 20. NEW SECTION. LOANS TO MORTGAGE LENDERS.

25 1. The authority may make, and contract to make, loans
26 to mortgage lenders on terms and conditions as it determines
27 which are reasonably related to protecting the security of
28 the authority's investment and to implementing the purposes
29 of this Act, and subject to this section, and all mortgage
30 lenders are authorized to borrow from the authority in
31 accordance with the provisions of this section and the rules
32 of the authority.

33 2. The authority shall require as a condition of each
34 loan to a mortgage lender that the mortgage lender, within
35 a reasonable period after receipt of the loan proceeds as

1 the authority prescribes by rule, shall have entered into
2 written commitments to make, and, within a reasonable period
3 thereafter as the authority prescribes by rule, shall have
4 disbursed the loan proceeds in new mortgage loans to low or
5 moderate income families in an aggregate principal amount
6 equal to the amount of the loan. New mortgage loans shall
7 have terms and conditions as the authority prescribes by rules
8 which are reasonably related to implementing the purposes
9 of this Act.

10 3. The authority shall require the submission to it by
11 each mortgage lender to which the authority has made a loan,
12 of evidence satisfactory to the authority of the making of
13 new mortgage loans to low or moderate income families as
14 required by this section, and in that connection may, through
15 its members, employees or agents, inspect the books and records
16 of a mortgage lender.

17 4. Compliance by a mortgage lender with the terms of its
18 agreement with the authority with respect to the making of
19 new mortgage loans to low or moderate income families may
20 be enforced by decree of any district court of this state.
21 The authority may require as a condition of a loan to a
22 national banking association or a federally chartered savings
23 and loan association, the consent of the association to the
24 jurisdiction of courts of this state over any such proceeding.
25 The authority may also require, as a condition of a loan to
26 a mortgage lender, agreement by the mortgage lender to the
27 payment of penalties to the authority for violation by the
28 mortgage lender of its agreement with the authority, and the
29 penalties shall be recoverable at the suit of the authority.

30 5. The authority shall require that each mortgage lender
31 receiving a loan pursuant to this section shall issue and
32 deliver to the authority an evidence of its indebtedness to
33 the authority which shall constitute a general obligation
34 of the mortgage lender and shall bear a date, mature at a
35 time, be subject to prepayment, and contain other provisions

1 consistent with this section and reasonably related to
2 protecting the security of the authority's investment, as
3 the authority determines.

4 6. Notwithstanding any other provision of this section
5 to the contrary, the interest rate and other terms of loans
6 to mortgage lenders made from the proceeds of an issue of
7 bonds or notes of the authority shall be at least sufficient
8 to assure the payment of the bonds or notes and the interest
9 on them as they become due.

10 7. The authority shall require that loans to mortgage
11 lenders are additionally secured as to payment of both prin-
12 cipal and interest by a pledge of and lien upon collateral
13 security by special escrow funds or other forms of guarantee
14 and in such amounts and forms as the authority shall by
15 resolution determine to be necessary to assure the payment
16 of the loans and the interest thereon as they become due.
17 Collateral security shall consist of direct obligations of,
18 or obligations guaranteed by, the United States or one of
19 its agencies, obligations satisfactory to the authority which
20 are issued by other federal agencies, direct obligations of
21 or obligations guaranteed by a state or a political subdi-
22 vision of a state, or investment quality obligations approved
23 by the authority.

24 8. The authority may require that collateral for loans
25 be deposited with a bank, trust company or other financial
26 institution acceptable to the authority located in this state
27 and designated by the authority as custodian. In the absence
28 of such a requirement, each mortgage lender shall enter into
29 an agreement with the authority containing provisions as the
30 authority deems necessary to adequately identify and main-
31 tain the collateral, service the collateral, and require the
32 mortgage lender to hold the collateral as an agent for the
33 authority and be accountable to the authority as the trustee
34 of an express trust for the application and disposition of
35 the collateral and the income from it. The authority may

1 also establish additional requirements as it deems necessary
2 with respect to the pledging, assigning, setting aside, or
3 holding of collateral and the making of substitutions for
4 it or additions to it and the disposition of income and
5 receipts from it.

6 9. The authority may require as a condition of loans to
7 mortgage lenders, any representations and warranties it
8 determines are necessary to secure the loans and carry out
9 the purposes of this section.

10 10. If a provision of this section is inconsistent with
11 a provision of law of this state governing mortgage lenders,
12 the provision of this section controls for the purposes of
13 this section.

14 Sec. 21. NEW SECTION. PURCHASE OF MORTGAGE LOANS.

15 1. The authority may purchase, and make commitments to
16 purchase, mortgage loans from mortgage lenders at prices and
17 upon terms and conditions as it determines subject to this
18 section. However, the total purchase price for all mortgage
19 loans which the authority commits to purchase from a mortgage
20 lender at any one time shall not exceed the total of the
21 unpaid principal balances of the mortgage loans purchased.
22 Mortgage lenders are authorized to sell mortgage loans to
23 the authority in accordance with the provisions of this section
24 and the rules of the authority.

25 2. The authority shall require as a condition of purchase
26 of mortgage loans from mortgage lenders that the mortgage
27 lenders, within a reasonable period after receipt of the
28 purchase price as the authority prescribes by rule, shall
29 enter into written commitments to loan and, within a reasonable
30 period thereafter as the authority prescribes by rule, shall
31 loan an amount equal to the entire purchase price of the
32 mortgage loans, on new mortgage loans to low or moderate
33 income families. New mortgage loans shall have terms and
34 conditions as the authority prescribes by rule.

35 3. The authority shall require the submission to it by

1 each mortgage lender from which the authority has purchased
2 mortgages, of evidence satisfactory to the authority of the
3 making of new mortgage loans to low or moderate income families
4 as required by this section and in that connection may, through
5 its members, employees or agents, inspect the books and records
6 of a mortgage lender.

7 4. Compliance by a mortgage lender with the terms of its
8 agreement with the authority with respect to the making of
9 new mortgage loans to low or moderate income families may
10 be enforced by decree of any district court of this state.
11 The authority may require as a condition of purchase of
12 mortgage loans from any national banking association or
13 federally chartered savings and loan association, the consent
14 of the association to the jurisdiction of courts of this state
15 over any such proceeding. The authority may also require
16 as a condition of the authority's purchase of mortgage loans
17 from a mortgage lender, agreement by the mortgage lender to
18 the payment of penalties to the authority for violation by
19 the mortgage lender of its agreement with the authority, and
20 the penalties shall be recoverable at the suit of the
21 authority.

22 5. The authority may require as a condition of purchase
23 of a mortgage loan from a mortgage lender that the mortgage
24 lender represent and warrant to the authority that:

25 a. The unpaid principal balance of the mortgage loan and
26 the interest rate on it have been accurately stated to the
27 authority.

28 b. The amount of the unpaid principal balance is justly
29 due and owing.

30 c. The mortgage lender has no notice of the existence
31 of any counterclaim, offset or defense asserted by the
32 mortgagor or his successor in interest.

33 d. The mortgage loan is evidenced by a bond or promis-
34 sory note and a mortgage which has been properly recorded
35 with the appropriate public official.

1 e. The mortgage constitutes a valid first lien on the
2 real property described to the authority subject only to real
3 property taxes not yet due, installments of assessments not
4 yet due, and easements and restrictions of record which do
5 not adversely affect, to a material degree, the use or value
6 of the real property or improvements on it.

7 f. The mortgagor is not now in default in the payment
8 of any installment of principal or interest, escrow funds,
9 real property taxes or otherwise in the performance of
10 obligations under the mortgage documents and has not to the
11 knowledge of the mortgage lender been in default in the
12 performance of any obligation under the mortgage for a period
13 of longer than sixty days during the life of the mortgage.

14 g. The improvements to the mortgaged real property are
15 covered by a valid and subsisting policy of insurance issued
16 by a company authorized to issue such policies in this state
17 and providing fire and extended coverage in amounts as the
18 authority prescribes by rule.

19 h. The mortgage loan meets the prevailing investment
20 quality standards for mortgage loans in this state.

21 6. A mortgage lender is liable to the authority for damages
22 suffered by the authority by reason of the untruth of a
23 representation or the breach of a warranty and, in the event
24 that a representation proves to be untrue when made or in
25 the event of a breach of warranty, the mortgage lender shall,
26 at the option of the authority, repurchase the mortgage loan
27 for the original purchase price adjusted for amounts
28 subsequently paid on it, as the authority determines.

29 7. The authority need not require the recording of an
30 assignment of a mortgage loan purchased by it from a mortgage
31 lender and shall not be required to notify the mortgagor of
32 its purchase of the mortgage loan. The authority shall not
33 be required to inspect or take possession of the mortgage
34 documents if the mortgage lender from which the mortgage loan
35 is purchased by the authority enters into a contract to service

1 the mortgage loan and account to the authority for it.

2 8. If a provision of this section is inconsistent with
3 another provision of law of this state governing mortgage
4 lenders, the provision of this section controls for the
5 purposes of this section.

6 | Sec. 22. NEW SECTION. RULES--LOANS TO MORTGAGE LENDERS
7 AND PURCHASE OF MORTGAGE LOANS. The rules of the authority
8 relating to the making of loans to mortgage lenders or the
9 purchase of mortgage loans shall provide at least for the
10 following:

11 1. Procedures for the submission by mortgage lenders to
12 the authority of requests for loans and offers to sell mortgage
13 loans.

14 | 2. Standards for allocating bond proceeds among mortgage
15 lenders requesting loans from, or offering to sell mortgage
16 loans to, the authority.

17 3. Standards for determining the principal amount to be
18 loaned to each mortgage lender and the interest rate on each
19 loan.

20 4. Standards for determining the aggregate principal
21 amount of mortgage loans to be purchased from each mortgage
22 lender and the purchase price.

23 5. Qualifications or characteristics of housing and the
24 purchasers to be financed by new mortgage loans made in
25 satisfaction of the requirements of section twenty (20),
26 subsection two (2) or section twenty-one (21), subsection
27 two (2) of this Act.

28 6. Restrictions as to the interest rates to be allowed
29 on new mortgage loans and the return to be realized by mortgage
30 lenders.

31 7. Requirements as to commitments and disbursements by
32 mortgage lenders with respect to new mortgage loans.

33 8. Schedules of fees and charges to be imposed by the
34 authority.

35 9. Requirements for provisions that prohibit mortgage

1 loans made under this program from being assumed without
2 permission of the mortgagee.

3 Sec. 23. NEW SECTION. POWERS RELATING TO LOANS. Subject
4 to any agreement with bondholders or noteholders, the authority
5 may renegotiate a mortgage loan or a loan to a mortgage lender
6 in default, waive a default or consent to the modification
7 of the terms of a mortgage loan or a loan to a mortgage lender,
8 forgive or forbear all or part of a mortgage loan or a loan
9 to a mortgage lender, and commence, prosecute and enforce
10 a judgment in any action, including but not limited to a
11 foreclosure action, to protect or enforce any right conferred
12 upon it by law, mortgage loan agreement, contract or other
13 agreement, and in connection with any such action, bid for
14 and purchase the property or acquire or take possession of
15 it, complete, administer, pay the principal of and interest
16 on any obligations incurred in connection with the property
17 and dispose of and otherwise deal with the property in a
18 manner as the authority deems advisable to protect its
19 interests.

20 Sec. 24. NEW SECTION. CERTIFICATION OF AMORTIZATION
21 PERIODS. Before the authority provides money, either directly
22 or indirectly, for any mortgage loan, it must obtain the
23 certificate of a competent appraiser to the effect that the
24 economic lifespan of the property on which the mortgage loan
25 is to be made is in excess of the period of amortization of
26 the mortgage loan.

27 Sec. 25. NEW SECTION. PLANNING, ZONING AND BUILDING LAWS.
28 All housing provided or assisted by the authority is subject
29 to any applicable master plan, official map, zoning regulation,
30 building code, housing code and any other law or regulation
31 governing land use, pollution control, environmental quality,
32 planning or construction, for the area in which the housing
33 is to be located.

34 Sec. 26. NEW SECTION. BONDS AND NOTES.

35 1. The authority may issue its negotiable bonds and notes

1 in principal amounts as, in the opinion of the authority,
2 are necessary to provide sufficient funds for achievement
3 of its corporate purposes, the payment of interest on its
4 bonds and notes, the establishment of reserves to secure its
5 bonds and notes, and all other expenditures of the authority
6 incident to and necessary or convenient to carry out its
7 purposes and powers. The bonds and notes shall be deemed
8 to be investment securities and negotiable instruments within
9 the meaning of and for all purposes of the uniform commercial
10 code.

11 2. Bonds and notes issued by the authority are payable
12 solely and only out of the moneys, assets, or revenues of
13 the authority, and as provided in the agreement with
14 bondholders or noteholders pledging any particular moneys,
15 assets or revenues. Bonds or notes are not an obligation
16 of this state or any political subdivision of this state other
17 than the authority within the meaning of any constitutional
18 or statutory debt limitations, but are special obligations
19 of the authority payable solely and only from the sources
20 provided in this Act, and the authority may not pledge the
21 credit or taxing power of this state or any political
22 subdivision of this state other than the authority, or make
23 its debts payable out of any moneys except those of the
24 authority.

25 3. Bonds and notes must be authorized by a resolution
26 of the authority. However, a resolution authorizing the
27 issuance of bonds or notes may delegate to an officer of the
28 authority the power to negotiate and fix the details of an
29 issue of bonds or notes by an appropriate certificate of the
30 authorized officer.

31 4. Bonds shall:

32 a. State the date and series of the issue, be consecutively
33 numbered, and state on their face that they are payable both
34 as to principal and interest solely out of the assets of the
35 authority and do not constitute an indebtedness of this state

1 or any political subdivision of this state other than the
2 authority within the meaning of any constitutional or statutory
3 debt limit.

4 b. Be either registered, registered as to principal only,
5 or in coupon form, issued in denominations as the authority
6 prescribes, fully negotiable instruments under the laws of
7 this state, signed on behalf of the authority with the manual
8 or facsimile signature of the chairman or vice chairman,
9 attested by the manual or facsimile signature of the secretary,
10 have impressed or imprinted thereon the seal of the authority
11 or a facsimile of it, and the coupons attached shall be signed
12 with the facsimile signature of the chairman or vice chairman,
13 be payable as to interest at rates and at times as the
14 authority determines, be payable as to principal at times
15 over a period not to exceed fifty years from the date of
16 issuance, at places, and with reserved rights of prior
17 redemption, as the authority prescribes, be sold at prices
18 not less than par plus accrued interest, at public or private
19 sale, and in a manner as the authority prescribes, and the
20 authority may pay all expenses, premiums and commissions which
21 it deems necessary or advantageous in connection with the
22 issuance and sale, and be issued under and subject to the
23 terms, conditions and covenants providing for the payment
24 of the principal, redemption premiums, if any, interest and
25 other terms, conditions, covenants and protective provisions
26 safeguarding payment, not inconsistent with this Act, as are
27 found to be necessary by the authority for the most
28 advantageous sale, which may include, but are not limited
29 to, covenants with the holders of the bonds as to:

30 (1) Pledging or creating a lien, to the extent provided
31 by the resolution, on moneys or property of the authority
32 or moneys held in trust or otherwise by others to secure the
33 payment of the bonds.

34 (2) Providing for the custody, collection, securing,
35 investment and payment of any moneys of or due to the

1 authority.

2 (3) The setting aside of reserves or sinking funds and
3 the regulation or disposition of them.

4 (4) Limitations on the purpose to which the proceeds of
5 sale of an issue of bonds then or thereafter to be issued
6 may be applied.

7 (5) Limitations on the issuance of additional bonds and
8 on the refunding of outstanding or other bonds.

9 (6) The procedure by which the terms of a contract with
10 the holders of bonds may be amended or abrogated, the amount
11 of bonds the holders of which must consent thereto and the
12 manner in which consent may be given.

13 (7) The creation of special funds into which moneys of
14 the authority may be deposited.

15 (8) Vesting in a trustee properties, rights, powers and
16 duties in trust as the authority determines, which may include
17 the rights, powers and duties of the trustee appointed for
18 the holders of any issue of bonds pursuant to section twenty-
19 eight (28) of this Act, in which event the provisions of that
20 section authorizing appointment of a trustee by the holders
21 of bonds shall not apply, or limiting or abrogating the right
22 of the holders of bonds to appoint a trustee under that
23 section, or limiting the rights, duties and powers of the
24 trustee.

25 (9) Defining the acts or omissions which constitute a
26 default in the obligations and duties of the authority and
27 providing for the rights and remedies of the holders of bonds
28 in the event of a default. However, rights and remedies shall
29 be consistent with the laws of this state and other provisions
30 of this Act.

31 (10) Any other matters which affect the security and
32 protection of the bonds and the rights of the holders.

33 5. The authority may issue its bonds for the purpose of
34 refunding any bonds or notes of the authority then outstanding,
35 including the payment of any redemption premiums thereon and

1 any interest accrued or to accrue to the date of redemption
2 of the outstanding bonds or notes. Until the proceeds of
3 bonds issued for the purpose of refunding outstanding bonds
4 or notes are applied to the purchase or retirement of
5 outstanding bonds or notes or the redemption of outstanding
6 bonds or notes, the proceeds may be placed in escrow and be
7 invested and reinvested in accordance with the provisions
8 of this Act. The interest, income and profits earned or
9 realized on an investment may also be applied to the payment
10 of the outstanding bonds or notes to be refunded by purchase,
11 retirement or redemption. After the terms of the escrow have
12 been fully satisfied and carried out, any balance of proceeds
13 and interest earned or realized on the investments may be
14 returned to the authority for use by it in any lawful manner.
15 All refunding bonds shall be issued and secured and subject
16 to the provisions of this Act in the same manner and to the
17 same extent as other bonds issued pursuant to this Act.

18 6. The authority may issue negotiable bond anticipation
19 notes and may renew them from time to time but the maximum
20 maturity of the notes, including renewals, shall not exceed
21 ten years from the date of issue of the original notes. Notes
22 are payable from any available moneys of the authority not
23 otherwise pledged, or from the proceeds of the sale of bonds
24 of the authority in anticipation of which the notes were
25 issued. Notes may be issued for any corporate purpose of
26 the authority. Notes shall be issued in the same manner as
27 bonds, and notes and the resolution authorizing them may
28 contain any provisions, conditions or limitations, not
29 inconsistent with the provisions of this subsection, which
30 the bonds or a bond resolution of the authority may contain.
31 Notes may be sold at public or private sale. In case of
32 default on its notes or violation of any obligations of the
33 authority to the noteholders, the noteholders shall have all
34 the remedies provided in this Act for bondholders. Notes
35 shall be as fully negotiable as bonds of the authority.

1 7. It is the intention of the general assembly that any
2 pledge of earnings, revenues or other moneys made by the
3 authority shall be valid and binding from the time when the
4 pledge is made as to all parties, and that the earnings,
5 revenues or other moneys pledged and thereafter received by
6 the authority shall immediately be subject to the lien of
7 the pledge without any physical delivery. A copy of each
8 pledge agreement and any revisions or supplements to it shall
9 be filed with the secretary of state and no further filing
10 or other action under section five hundred fifty-four point
11 nine thousand one hundred one (554.9101) through five hundred
12 fifty-four point nine thousand five hundred seven (554.9507)
13 of the Code, article nine (9) of the uniform commerical code,
14 or any other law of the state shall be required to perfect
15 the security interest of the authority in the collateral or
16 any additions to it or substitutions for it, and the lien
17 and trust for the benefit of the authority so created shall
18 be binding from and after the time made against all parties
19 having claims of any kind in tort, contract, or otherwise
20 against the pledgar.

21 8. Neither the members of the authority nor any person
22 executing its bonds, notes or other obligations shall be
23 liable personally on the bonds, notes, or other obligations
24 or be subject to any personal liability or accountability by
25 reason of the issuance of the authority's bonds or notes.

26 Sec. 27. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

27 1. The authority may create and establish one or more
28 special funds, to be known as "bond reserve funds", and shall
29 pay into each bond reserve fund any moneys appropriated and
30 made available by the state for the purpose of the fund, any
31 proceeds of sale of notes or bonds to the extent provided
32 in the resolutions of the authority authorizing their issuance,
33 and any other moneys which may be available to the authority
34 for the purpose of the fund from any other sources. All
35 moneys held in a bond reserve fund, except as otherwise

1 provided in this Act, shall be used as required solely for
2 the payment of the principal of bonds secured in whole or
3 in part by the fund or of the sinking fund payments with
4 respect to the bonds, the purchase or redemption of the bonds,
5 the payment of interest on the bonds or the payments of any
6 redemption premium required to be paid when the bonds are
7 redeemed prior to maturity.

8 2. Moneys in a bond reserve fund shall not be withdrawn
9 from it at any time in an amount that will reduce the amount
10 of the fund to less than the bond reserve fund requirement
11 established for the fund, as provided in this section, except
12 for the purpose of making, with respect to bonds secured in
13 whole or in part by the fund, payment when due of principal,
14 interest, redemption premiums and the sinking fund payments
15 with respect to the bonds for the payment of which other
16 moneys of the authority are not available. Any income or
17 interest earned by, or incremental to, a bond reserve fund
18 due to the investment of it may be transferred by the authority
19 to other funds or accounts of the authority to the extent
20 the transfer does not reduce the amount of that bond reserve
21 fund below the bond reserve fund requirement for it.

22 3. The authority shall not at any time issue bonds, secured
23 in whole or in part by a bond reserve fund if, upon the
24 issuance of the bonds, the amount in the bond reserve fund
25 will be less than the bond reserve fund requirement for the
26 fund, unless the authority at the time of issuance of the
27 bonds deposits in the fund from the proceeds of the bonds
28 issued or from other sources an amount which, together with
29 the amount then in the fund will not be less than the bond
30 reserve fund requirement for the fund. For the purposes of
31 this section, the term "bond reserve fund requirement" means,
32 as of any particular date of computation, an amount of money,
33 as provided in the resolutions of the authority authorizing
34 the bonds with respect to which the fund is established, equal
35 to not more than ten percent of the outstanding principal

1 amount of bonds of the authority secured in whole or in part
2 by the fund.

3 4. To assure the continued operation and solvency of the
4 authority for the carrying out of its corporate purposes,
5 provision is made in subsection one (1) of this section for
6 the accumulation in each bond reserve fund of an amount equal
7 to the bond reserve fund requirement for the fund. In order
8 further to assure maintenance of the bond reserve funds, the
9 chairman of the authority shall, on or before July first of
10 each calendar year, make and deliver to the governor his
11 certificate stating the sum, if any, required to restore each
12 bond reserve fund to the bond reserve fund requirement for
13 that fund. Within thirty days after the beginning of the
14 session of the general assembly next following the delivery
15 of the certificate, the governor may submit to both houses
16 printed copies of a budget including the sum, if any, required
17 to restore each bond reserve fund to the bond reserve fund
18 requirement for that fund. Any sums appropriated by the
19 general assembly and paid to the authority pursuant to this
20 section shall be deposited by the authority in the applicable
21 bond reserve fund.

22 5. All amounts paid over to the authority by the state
23 pursuant to the provisions of this section shall constitute
24 and be accounted for as advances by the state to the authority
25 and, subject to the rights of the holders of any bonds or
26 notes of the authority theretofore or thereafter issued, shall
27 be repaid to the state without interest from all available
28 operating revenues of the authority in excess of amounts
29 required for the payment of bonds, notes or obligations of
30 the authority, the bond reserve fund and operating expenses.

31 Sec. 28. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTE-
32 HOLDERS.

33 1. If the authority defaults in the payment of principal
34 or interest on an issue of bonds or notes after they become
35 due, whether at maturity or upon call for redemption, and

1 the default continues for a period of thirty days, or if the
2 authority fails or refuses to comply with the provisions of
3 this Act, or defaults in an agreement made with the holders
4 of an issue of bonds or notes, the holders of twenty-five
5 percent in aggregate principal amount of bonds or notes of
6 the issue then outstanding, by instrument filed in the office
7 of the clerk of the county in which the principal office of
8 the authority is located, and proved or acknowledged in the
9 same manner as a deed to be recorded, may appoint a trustee
10 to represent the holders of the bonds or notes for the purposes
11 provided in this section.

12 2. The authority or any trustee appointed under the
13 indenture under which the bonds are issued may, and upon
14 written request of the holders of twenty-five percent in
15 aggregate principal amount of the issue of bonds or notes
16 then outstanding shall:

17 a. Enforce all rights of the bondholders or noteholders,
18 including the right to require the authority to carry out
19 its agreements with the holders and to perform its duties
20 under this Act.

21 b. Bring suit upon the bonds or notes.

22 c. By action require the authority to account as if it
23 were the trustee of an express trust for the holders.

24 d. By action enjoin any acts or things which are unlawful
25 or in violation of the rights of the holders.

26 e. Declare all the bonds or notes due and payable and
27 if all defaults are made good then with the consent of the
28 holders of twenty-five percent of the aggregate principal
29 amount of the issue of bonds or notes then outstanding, annul
30 the declaration and its consequences.

31 3. The trustee shall also have and possess all powers
32 necessary or appropriate for the exercise of functions
33 specifically set forth or incident to the general representa-
34 tion of bondholders or noteholders in the enforcement and
35 protection of their rights.

1 4. Before declaring the principal of bonds or notes due
2 and payable, the trustee shall first give thirty days notice
3 in writing to the governor, to the authority and to the
4 attorney general of the state.

5 5. The district court has jurisdiction of any action by
6 the trustee on behalf of bondholders or noteholders. The
7 venue of the action shall be in the county in which the
8 principal office of the authority is located.

9 Sec. 29. NEW SECTION. AGREEMENT OF THE STATE. The state
10 of Iowa pledges to and agrees with the holders of any bonds
11 or notes issued under this Act that the state will not limit
12 or alter the rights vested in the authority to fulfill the
13 terms of agreements made with the holders or in any way impair
14 the rights and remedies of the holders until the bonds or
15 notes together with the interest on them, plus interest on
16 unpaid installments of interest, and all costs and expenses
17 in connection with an action by or on behalf of the holders,
18 are fully met and discharged. The authority may include this
19 pledge and agreement of the state of Iowa in any agreement
20 with the holders of bonds or notes.

21 Sec. 30. NEW SECTION. BONDS AND NOTES AS LEGAL INVEST-
22 MENTS. Bonds and notes of the authority are securities in
23 which public officers, state departments and agencies,
24 political subdivisions, insurance companies, and other persons
25 carrying on an insurance business, banks, trust companies,
26 savings and loan associations, investment companies and other
27 persons carrying on a banking business, administrators,
28 executors, guardians, conservators, trustees and other
29 fiduciaries, and other persons authorized to invest in bonds
30 or other obligations of this state, may properly and legally
31 invest funds including capital in their control or belonging
32 to them. The bonds and notes are also securities which may
33 be deposited with and may be received by public officers,
34 state departments and agencies, and political subdivisions,
35 for any purpose for which the deposit of bonds or other

1 obligations of this state is authorized.

2 Sec. 31. NEW SECTION. TAX EXEMPTION.

3 1. The state of Iowa covenants with the purchasers and
4 all subsequent holders and transferees of bonds and notes
5 issued by the authority, in consideration of the acceptance
6 of and payment for the bonds and notes, that the bonds and
7 notes of the authority issued pursuant to this Act and the
8 income therefrom shall at all times be free from taxation
9 by this state, except for inheritance, estate, or gift taxes
10 and taxes on transfers.

11 2. The property of the authority and its income and
12 operations are exempt from taxation of every kind and nature.
13 The authority shall not be required to pay any recording fee
14 or transfer tax of any kind on account of instruments recorded
15 by it or on its behalf.

16 Sec. 32. NEW SECTION. MONEYS OF THE AUTHORITY.

17 1. Moneys of the authority from whatever source derived,
18 except as otherwise provided in this Act, shall be paid to
19 the authority and shall be deposited in a bank or other
20 financial institution designated by the authority. The moneys
21 shall be withdrawn on the order of the person authorized by
22 the authority. Deposits shall, if required by the authority,
23 be secured in the manner determined by the authority. The
24 auditor of state and his legally authorized representatives
25 may periodically examine the accounts and books of the
26 authority, including its receipts, disbursements, contracts,
27 leases, sinking funds, investments and any other records and
28 papers relating to its financial standing, and the authority
29 shall not be required to pay a fee for the examination.

30 2. The authority may contract with holders of its bonds
31 or notes as to the custody, collection, security, investment,
32 and payment of moneys of the authority, of moneys held in
33 trust or otherwise for the payment of bonds or notes, and
34 to carry out the contract. Moneys held in trust or otherwise
35 for the payment of bonds or notes or in any way to secure

1 bonds or notes and deposits of the moneys may be secured in
2 the same manner as moneys of the authority, and banks and
3 trust companies may give security for the deposits.

4 3. Subject to the provisions of any contract with bond-
5 holders or noteholders and to the approval of the state
6 comptroller, the authority shall prescribe a system of
7 accounts.

8 4. The authority shall submit to the governor, the auditor
9 of state, and the state comptroller, within thirty days of
10 its receipt by the authority, a copy of the report of every
11 external examination of the books and accounts of the authority
12 other than copies of the reports of examinations made by the
13 auditor of state.

14 Sec. 33. NEW SECTION. LIMITATION OF LIABILITY. Neither
15 the members of the authority, nor persons acting in its behalf,
16 while acting within the scope of their employment or agency,
17 are subject to personal liability resulting from carrying
18 out the powers and duties given in this Act.

19 Sec. 34. NEW SECTION. ASSISTANCE BY STATE OFFICERS,
20 AGENCIES AND DEPARTMENTS.

21 1. State officers and state departments and agencies may
22 render services to the authority within their respective
23 functions as requested by the authority.

24 Sec. 35. NEW SECTION. LIBERAL INTERPRETATION. This Act,
25 being necessary for the welfare of this state and its
26 inhabitants, shall be liberally construed to effect its
27 purposes.

28 Sec. 36. NEW SECTION. CONFLICTS OF INTEREST.

29 1. If a member, officer or employee of the authority has
30 an interest, either direct or indirect, in a contract to which
31 the authority is, or is to be, a party, or in a mortgage
32 lender requesting a loan from, or offering to sell mortgage
33 loans to, the authority, the interest shall be disclosed to
34 the authority in writing and shall be set forth in the minutes
35 of the authority. The member, officer or employee having

1 the interest shall not participate in action by the authority
2 with respect to that contract or mortgage lender.

3 2. Nothing in this section shall be deemed to limit the
4 right of a member, officer or employee of the authority to
5 acquire an interest in bonds or notes of the authority or
6 to have an interest in a bank or other financial institution
7 in which the funds of the authority are, or are to be,
8 deposited or which is, or is to be, acting as trustee or
9 paying agent under a trust indenture to which the authority
10 is a party.

11 Sec. 37. NEW SECTION. EXEMPTION FROM USURY LAWS. The
12 authority is exempted from laws of the state governing usury
13 or prescribing or limiting interest rates.

14 Sec. 38. NEW SECTION. EXEMPTION FROM COMPETITIVE BID
15 LAWS. The authority and all contracts made by it shall be
16 exempt from the provisions and requirements of all laws of
17 the state which provide for competitive bids in connection
18 with contracts of any kind.

19 Sec. 39. Section twelve point ten (12.10), Code 1975,
20 is amended to read as follows:

21 12.10 DEPOSITS BY STATE OFFICERS. All elective and
22 appointive state officers, boards, commissions, and depart-
23 ments, except the state fair board, the state board of regents,
24 Iowa state commerce commission, and the commissioner of the
25 department of social services, shall, within ten days
26 succeeding the collection thereof, deposit, with the treasurer
27 of state, or to the credit of said treasurer in any depository
28 by him designated, ninety percent of all fees, commissions,
29 and moneys collected or received; the balance actually
30 collected in cash, remaining in the hands of any officer,
31 board, or department shall not exceed the sum of five thousand
32 dollars and no money collected shall be held more than thirty
33 days. This section does not apply to the Iowa housing finance
34 authority.

35 Sec. 40. Section three hundred sixty-four point seven

1 (364.7), subsection three (3), Code 1975, is amended to read
2 as follows:

3 3. A city may not dispose of real property by gift except
4 to a governmental body for a public purpose. However, a city
5 may dispose of real property for use in an Iowa homesteading
6 program under section fourteen (14) of this Act for a nominal
7 consideration, including but not limited to property in an
8 urban renewal area.

9 Sec. 41. Section four hundred three A point three (403A.3),
10 Code 1975, is amended by adding the following new subsection:

11 NEW SUBSECTION. To cooperate with the Iowa housing finance
12 authority, to participate in any of its programs, to use any
13 of the funds available to the municipality for the uses of
14 this chapter to contribute to such programs in which it
15 participates, and to comply with the provisions of sections
16 one (1) through thirty-eight (38) of this Act and the rules
17 of the Iowa housing finance authority promulgated thereunder.

18 Sec. 42. Chapter four hundred forty-six (446), Code 1975,
19 is amended by adding the following new section:

20 NEW SECTION. A city or county, a city or county agency
21 as authorized by the Iowa housing finance authority, or the
22 Iowa housing finance authority may file with the treasurer
23 a verified statement that a parcel of property to be sold
24 at tax sale is abandoned and deteriorating in condition, or
25 is inhabited but is not safe for human habitation, or is or
26 is likely to become a public nuisance, and that the property
27 is suitable for use and is to be used in an Iowa homesteading
28 project under section fourteen (14) of this Act. Other
29 information may be included. Upon proper filing of the
30 statement, and if the property is offered at any tax sale
31 and no bid is received, or if the bid received is less than
32 the total amount of the delinquent general taxes, interest,
33 penalties and costs, or if the property is to be transferred
34 to the county under section four hundred forty-six point
35 thirty-eight (446.38) of the Code, the city, county, city

1 or county agency, or Iowa housing finance authority may bid
2 for the property for use in an Iowa homesteading project,
3 bidding a sum equal to the total amount of all delinquent
4 general taxes, interest, penalties and costs charged against
5 the property. Each of the tax-levying and tax-certifying
6 bodies having an interest in the taxes for which the property
7 is sold shall be charged with the full amount of all delinquent
8 taxes due to it, as its share of the purchase price.

9 Sec. 43. Section four hundred forty-six point seven
10 (446.7), unnumbered paragraph two (2), Code 1975, is amended
11 to read as follows:

12 Property of municipal and political subdivisions of the
13 state of Iowa and property held by a city or county agency
14 or the Iowa housing finance authority for use in an Iowa
15 homesteading project, shall not be offered or sold at tax
16 sale and any purported tax sale thereof shall be void from
17 its inception. Whenever delinquent taxes are owing against
18 property owned or claimed by any municipal or political
19 subdivision of the state of Iowa, or property held by a city
20 or county agency or the Iowa housing finance authority for
21 use in an Iowa homesteading project, the treasurer shall give
22 notice to the governing body thereof which shall then pay
23 the amount of the due and delinquent taxes from its general
24 fund. In the event such governing body fails to make payment
25 upon such notice, the collection and enforcement of the taxes,
26 penalty, interest and costs shall be suspended for so long
27 as the property shall remain in public ownership, and for
28 so long as the property is the subject of a conditional
29 conveyance under an Iowa homesteading project, but the same
30 may be collected and enforced against the property in the
31 event of its subsequent sale by such municipal or political
32 subdivision, agency, or authority, to a private purchaser.
33 However, such taxes, penalty, interest and costs shall be
34 canceled if the property is the subject of an absolute
35 conveyance of the fee to a holder of the conditional conveyance

1 granted under an Iowa homesteading project. No penalty,
2 interest or costs shall be added during such period of public
3 ownership or while the property is the subject of a conditional
4 conveyance under an Iowa homesteading project.

5 Sec. 44. Section four hundred forty-seven point nine
6 (447.9), Code 1975, is amended to read as follows:

7 447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION. After
8 two years and nine months from the date of sale, or after
9 nine months from the date of a sale made under the provisions
10 of section 446.18 ~~or~~ , section 446.38, or section forty-two
11 (42) of this Act, the holder of the certificate of purchase
12 may cause to be served upon the person in possession of such
13 real estate, and also upon the person in whose name the same
14 is taxed, if such person resides in the county where the land
15 is situated, in the manner provided for the service of original
16 notices, a notice signed by him, his agent, or attorney,
17 stating the date of sale, the description of the property
18 sold, the name of the purchaser, and that the right of
19 redemption will expire and a deed for the land be made unless
20 redemption is made within ninety days from the completed
21 service thereof. When said notice is given by a county as
22 a holder of a certificate of purchase the notice shall be
23 signed by the county auditor, and when given by a city, it
24 shall be signed by the city officer designated by resolution
25 of the council. When the notice is given by the Iowa housing
26 finance authority or a city or county agency holding the
27 property as part of an Iowa homesteading project, it shall
28 be signed on behalf of the agency or authority by one of its
29 officers, as authorized in rules of the agency or authority.
30 Service of such notice shall also be made by certified mail
31 on any mortgagee, or his assignee, of record, whether resident
32 or nonresident of the county, if his address is disclosed
33 by the recorded instrument or by a certificate showing the
34 address of the mortgagee or assignee duly filed with the
35 recorder, or the state of Iowa in case of an old-age assistance

1 lien by service upon the state department of social services.
2 Such notice shall also be served on any city where such real
3 estate is situated.

4 Sec. 45. Section four hundred forty-seven point twelve
5 (447.12), Code 1975, is amended to read as follows:

6 447.12 WHEN SERVICE DEEMED COMPLETE--PRESUMPTION. Service
7 shall be complete only after an affidavit has been filed with
8 the treasurer, showing the making of the service, the manner
9 thereof, the time when and place where made, and under whose
10 direction the same was made; such affidavit to be made by
11 the holder of the certificate or by his agent or attorney,
12 and in either of the latter cases stating that such affiant
13 is the agent or attorney, as the case may be, of the holder
14 of such certificate; which affidavit shall be filed by the
15 treasurer and entered upon the sale book opposite the entry
16 of the sale, and said record or affidavit shall be presumptive
17 evidence of the completed service of said notice, and the
18 right of redemption shall not expire until ninety days after
19 service is complete. When the property is held by a city
20 or county, a city or county agency, or the Iowa housing finance
21 authority, for use in an Iowa homesteading project, whether
22 or not the property is the subject of a conditional conveyance
23 granted under the project, the affidavit shall be made by
24 the county auditor of the county, a city officer designated
25 by resolution of the council, or on behalf of the agency or
26 authority, by one of its officers as authorized in rules of
27 the agency or authority.

28 Sec. 46. Section four hundred forty-seven point thirteen
29 (447.13), Code 1975, is amended to read as follows:

30 447.13 COST--FEE--REPORT. The cost of serving the notice
31 and affidavit of publication shall be added to the amount
32 necessary to redeem. The fee for serving the notice shall
33 be the same as for service of an original notice, including
34 copy fee and mileage. The treasurer shall, upon the filing
35 of proof of service and statement of costs, forthwith report

1 the same in writing to the auditor, who shall enter it on
2 the sale book against the proper tract of real estate. The
3 holder of the certificate of sale or his agent may report
4 in writing to the county auditor the amount of costs incurred
5 in giving such notice, and the auditor shall enter the same
6 in the sale book. No redemption shall be complete until such
7 costs are paid. If the property is held by a city or county,
8 a city or county agency, or the Iowa housing finance authority,
9 for use in an Iowa homesteading project, whether or not the
10 property is the subject of a conditional conveyance granted
11 under the project, the costs incurred for repairs and
12 rehabilitation work required and undertaken in order to make
13 the property meet applicable building or housing code standards
14 shall be added to the amount necessary to redeem, and no
15 redemption shall be complete until such costs are paid.

16 Sec. 47. Chapter four hundred seventy-two (472), Code
17 1975, is amended by adding the following new section:

18 NEW SECTION. PROCEDURE FOR HOMESTEADING PROJECTS. If
19 the purpose of condemnation is to obtain property for use
20 as part of an Iowa homesteading project under section fourteen
21 (14) of this Act, the application required under section four
22 hundred seventy-two point three (472.3) of the Code may contain
23 a verified statement that the property sought to be condemned
24 is abandoned and deteriorating in condition, or is inhabited
25 but is not safe for human habitation, or is or is likely to
26 become a public nuisance, and that the property is suitable
27 for use and is to be used in an Iowa homesteading project.
28 Other information may be included. The statement must be
29 verified by the Iowa housing finance authority or by a local
30 agency authorized under rules of the authority. Upon proper
31 filing of the statement and the report of the condemnation
32 commission assessing damages, and deposit of the amount
33 assessed with the sheriff, the applicant for condemnation
34 may take possession as provided in section four hundred
35 seventy-two point twenty-five (472.25) of the Code if the

1 property is abandoned, or may take steps to obtain possession
2 after ninety days from the date of the filing of the statement,
3 report, and deposit, if the property is inhabited.

4 Sec. 48. Section five hundred twenty-four point nine
5 hundred five (524.905), subsection six (6), is amended by
6 adding the following new paragraph:

7 NEW PARAGRAPH. Loans made to families of low or moderate
8 income as a part of programs authorized in sections one (1)
9 through thirty-eight (38) of this Act and approved by the
10 Iowa housing finance authority.

11 Sec. 49. Section five hundred thirty-three point sixteen
12 (533.16), unnumbered paragraph two (2), Code 1975, is amended
13 to read as follows:

14 The foregoing restrictions or limitations shall not prevent
15 the renewal or extension of loans and shall not apply to loans
16 which are secured under the provisions of the national housing
17 Act, as amended, or to loans made to families of low or
18 moderate income as a part of programs authorized in sections
19 one (1) through thirty-eight (38) of this Act and approved
20 by the Iowa housing finance authority.

21 Sec. 50. Section five hundred thirty-four point twenty-
22 one (534.21), subsection one (1), Code 1975, is amended to
23 read as follows:

24 1. LOAN PLANS. Real estate loans may be made as authorized
25 by this chapter, or upon any other loan plan approved by the
26 supervisor. No real estate loan shall be made until two
27 qualified persons or one professional appraiser selected by
28 the board of directors shall have submitted a signed appraisal
29 of the real estate securing such loan. If it is an uninsured
30 mortgage no such loan shall be made to exceed ninety percent
31 of said appraised value. Any loans insured by the federal
32 housing administration or which are guaranteed by the
33 Servicemen's Readjustment Act of 1944 (58 Stat. L. 291;
34 repealed; now covered by 37 U.S.C. subsection 1801 to 1824
35 inc.), as amended, or which are guaranteed or insured, in

1 whole or in part, by any other duly constituted federal
2 instrumentality or private corporation approved by the federal
3 home loan bank or the supervisor which qualify for such
4 insurance or guarantee, or loans made to families of low or
5 moderate income as a part of programs authorized in sections
6 one (1) through thirty-eight (38) of this Act and approved
7 by the Iowa housing finance authority, may be made regardless
8 of the requirements for other loans otherwise contained in
9 this section.

10 Payments on real estate loans shall be applied first to
11 the payment of interest of the unpaid balance of the loan
12 and the remainder to the reduction of principal; provided
13 that if the loan is in default in any manner, payments may
14 be applied by the mortgagee in any manner approved by the
15 association and provided by the contract between the parties.

16 If agreed in writing by written instrument separate from
17 the note and mortgage at any time after execution of the note
18 and mortgage, any prepayment of an installment may be applied
19 on the final installment of the note or other obligation until
20 fully paid, and thereafter on the installments in the inverse
21 order of their maturity.

22 Sec. 51. Section five hundred sixty-nine point eight
23 (569.8), Code 1975, is amended to read as follows:

24 569.8 TITLE UNDER TAX DEED--SALE--APPORTIONMENT OF
25 PROCEEDS. When the county acquires title to real estate by
26 virtue of a tax deed such real estate shall be controlled,
27 managed, and sold by the board of supervisors as provided
28 in this chapter, except that any sale thereof shall be for
29 a sum not less than the total amount stated in the tax sale
30 certificate including all endorsements of subsequent general
31 taxes, interests, and costs, without the written approval
32 of the tax-levying and tax-certifying bodies having a majority
33 interest in said general taxes. However, where the total
34 amount stated in the tax sale certificate including all
35 endorsements of subsequent general taxes, interests, and costs

1 does not exceed two hundred fifty dollars, such real estate
2 may be sold by the board of supervisors without the written
3 approval of any of the tax-levying and tax-certifying bodies
4 having any interest in said general taxes. All money received
5 from said real estate either as rent or as proceeds from the
6 sale thereof shall, after payment of any general taxes which
7 have accrued against said real estate since said tax sale
8 and after payment of insurance premiums on any buildings
9 located on said real estate and after expenditures made for
10 the actual and necessary repairs and upkeep of said real
11 estate, be apportioned to the tax-levying and certifying
12 bodies in proportion to their interests in the taxes for which
13 said real estate was sold. Real property sold under this
14 section shall be sold at a public auction and not by use of
15 sealed bids, but only after notice thereof has been published
16 once in a newspaper of general circulation in the county
17 wherein the property is located, stating the description of
18 the property to be sold and the date, place and time of such
19 sale, at least ten days, but not more than fifteen days prior
20 to the date of such sale. The restrictions on sale of real
21 property under this section do not apply when the property
22 is transferred by the board of supervisors to a city, a city
23 agency, or to the Iowa housing finance authority, for use
24 in an Iowa homesteading project under section fourteen (14)
25 of this Act.

26 EXPLANATION

27 This bill establishes an Iowa housing finance authority
28 consisting of nine members representing various housing
29 industry and consumer interests. The authority is authorized
30 to engage in various programs designed to increase the supply
31 of adequate housing for families of low or moderate income,
32 including persons who are elderly, handicapped or disabled.
33 It is also authorized to make loans for noninstitutional
34 health care facilities. However, the bill states that the
35 authority is to function through and in cooperation with local

1 agencies, with some type of local contribution, and provides
2 guidelines for the emphasis and preferences to be pursued
3 by the authority. The bill contains a requirement that 30%
4 of projects in a three-year period be for elderly, handicapped,
5 disabled, or very low-income families, which is defined by
6 the bill as being families whose incomes do not exceed 50%
7 of the median income for the area.

8 The authority is empowered to take part in the following
9 programs:

10 1. Mortgage loans for low or moderate income families,
11 elderly families, handicapped or disabled persons, and
12 noninstitutional residential care facilities.

13 2. Programs which encourage home ownership through lease-
14 purchase agreements, with the possibility of down-payment
15 grants.

16 3. Homesteading projects, designed to encourage home
17 ownership and rehabilitation of deteriorating properties, with
18 a revolving fund to assist with rehabilitation costs.

19 4. Federal rent supplement programs under section 8 of
20 the 1974 Housing and Community Development Act.

21 5. Rural housing programs, assistance to state agencies,
22 and other programs under the same federal law.

23 6. State-local rent supplement programs.

24 7. An "emergency housing fund" which may be used to assist
25 with local contributions or to assist with emergency housing
26 in times of disaster.

27 8. A revolving fund entitled the "housing assistance fund"
28 with notes to be issued on it, to provide temporary loans
29 for the purpose of development costs and rehabilitation loans.

30 9. Loans to mortgage lenders, the proceeds to be used
31 for further loans to families of low or moderate income.

32 10. Purchase of mortgage loans, the purchase moneys to
33 be used for further loans to families of low or moderate
34 income.

35 The housing finance authority is entitled to issue tax-

1 exempt revenue bonds in order to finance its activities.
2 These bonds are not a debt of the state, but are secured by
3 reserve funds, pledges of specific properties or incomes to
4 the authority, and the "moral obligation" of the state to
5 maintain the reserve funds adequately. The authority is
6 empowered to handle and invest its own funds, and is required
7 to submit an annual report. The authority is exempted from
8 usury laws and competitive bidding laws.

9 Coordinating amendments authorize cities and counties to
10 transfer property without substantial consideration, for use
11 in a homesteading project, facilitate obtaining title to
12 property quickly under condemnation or tax sale procedures,
13 and authorize financial institutions to take part in programs
14 sponsored by the authority, without the ordinary limitations
15 for investment in real property. Municipalities and low-rent
16 housing agencies are also authorized to participate in
17 authority programs.

18

FISCAL NOTE
HOUSE FILE 823

Date Prepared May 20, 1975

Requested by Representative Welden

Prepared in regard to H.F. 823, An Act establishing the Iowa housing finance authority, prescribing its powers and duties, providing for related tax and other exemptions and appropriations and providing coordinated amendments related to implementation of the authority's programs. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16:

The estimated cost to establish an Iowa Housing Finance Authority for the first year would be approximately \$100,000. This estimate includes per diem and travel for a nine member board meeting twice a month, an executive director, a program development coordinator, a program development specialist, a financial specialist, an internal auditor, a secretary and related office expense. The cost in the second and following years could be somewhat higher depending on the need for additional personnel. No attempt has been made to estimate the fiscal impact relative to the selling of bonds. Because of the many variables involved, an accurate estimate cannot be completed on this aspect.

FILED

3577 20 1975

GERRY D. RANKIN
Legislative Fiscal Director

LSB 146
jb/rh/31

H-3856

- 1 Amend House File 823 as follows:
- 2 1. Page 1, strike lines 27 through 30.
- 3 2. Page 1, line 31, insert after the word
- 4 "includes" the words "but is not limited to".
- 5 3. Page 1, line 35, insert after the word
- 6 "includes" the words "but is not limited to".
- 7 4. Page 3, line 26, strike the word "development"
- 8 and insert in lieu thereof the word "program".
- 9 5. Page 3, line 32, strike the word "development"
- 10 and insert in lieu thereof the word "program".
- 11 6. Page 3, line 35, strike the word "development"
- 12 and insert in lieu thereof the word "program".
- 13 7. Page 4, line 16, strike the word "development"
- 14 and insert in lieu thereof the word "program".
- 15 8. Page 4, line 21, strike the word "development"
- 16 and insert in lieu thereof the word "unit".
- 17 9. Page 4, insert after line 21 the following:
- 18 " . "Dilapidated" means decayed, deteriorated
- 19 or fallen into partial disuse through neglect or
- 20 misuse.
- 21 The authority shall establish by rule further
- 22 definitions applicable to this Act, and clarification
- 23 of the definitions in this section, as necessary to
- 24 assure eligibility for funds available under federal
- 25 housing laws."
- 26 10. Page 7, strike lines 2 through 9 and renumber
- 27 the remaining subsections of that section.
- 28 11. Page 7, line 11, insert after the word
- 29 "housing" the words "and the rehabilitation of existing
- 30 housing".
- 31 12. Page 7, line 26, strike the word "should"
- 32 and insert in lieu thereof the word "shall".
- 33 13. Page 7, line 31, strike the word "should"
- 34 and insert in lieu thereof the word "shall".
- 35 14. Page 9, insert after line 2 the following:
- 36 " . Those designed to serve elderly families,
- 37 families which include one or more persons who are
- 38 handicapped or disabled, lower income families or
- 39 very low-income families."
- 40 15. Page 9, line 12, strike the words "necessary
- 41 or convenient" and insert in lieu thereof the word
- 42 "needed".
- 43 16. Page 12, strike lines 11, 12 and 13 and insert
- 44 in lieu thereof the words "of the authority."
- 45 17. Page 12, line 18, insert after the word
- 46 "origin," the words "age, physical or mental
- 47 impairment,".
- 48 18. Page 12, line 18, insert after the word
- 49 "religion" the words "except that preference may be
- 50 given to elderly families, families which include

H-3856 - adopted 5/20 (1838)

- 1 one or more persons who are handicapped or disabled,
- 2 lower income families or very low-income families".
- 3 19. Page 15, line 15, strike the words "provide
- 4 for or" and insert in lieu thereof the words "encourage
- 5 and".
- 6 20. Page 15, line 16, insert after the comma the
- 7 words "elderly families, and families which include
- 8 one or more persons who are handicapped or disabled,".
- 9 21. Page 15, line 24, insert after the word "for"
- 10 the word "material".
- 11 22. Page 17, line 3, strike the word "or" and
- 12 insert in lieu thereof the word "and".
- 13 23. Page 17, line 4, strike the words "whichever
- 14 is smaller,".
- 15 24. Page 19, strike lines 16 through 20 and
- 16 renumber the remaining paragraphs of that subsection.
- 17 25. Page 20, line 19, insert after the period
- 18 the words "However, the two-year period may be extended
- 19 for reasonable cause."
- 20 26. Page 33, line 29, strike the words "need not"
- 21 and insert in lieu thereof the word "shall".
- 22 27. Page 37, line 18, strike the words "not less
- 23 than par plus accrued interest".
- 24 28. Page 40, strike lines 1 through 8 and insert
- 25 in lieu thereof the following:
- 26 "7. A copy of each pledge agreement by or to the
- 27 authority, including without limitation each bond
- 28 resolution, indenture of trust or similar agreement,
- 29 or any revisions or supplements to it shall".
- 30 29. Page 40, line 15, strike the words "of the
- 31 authority".
- 32 30. Page 40, line 17, strike the words "for the
- 33 benefit of the authority".
- 34 31. Page 40, line 20, strike the word "pledgar"
- 35 and insert in lieu thereof the word "pledgor".
- 36 32. Page 47, strike lines 11 through 13.
- 37 33. Page 47, line 15, insert after the word "it"
- 38 the words "in carrying out its public and essential
- 39 governmental functions under sections twelve (12)
- 40 through sixteen (16), eighteen (18), twenty (20) and
- 41 twenty-one (21) of this Act,".
- 42 34. Page 47, strike line 18 and insert in lieu
- 43 thereof the words "with such contracts."
- 44 35. Renumber sections and correct internal
- 45 references in accordance with this amendment.

H-3856 FILED
MAY 14, 1975

BY CUSACK of Scott
MONROE of Des Moines
ANDERSON of Jasper
READINGER of Polk
TOFTE of Winneshiek
CRAWFORD of Story

H-3879

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Amend House File 823, page 36, line 24, by striking the period and inserting in lieu thereof the following:
", nor shall any appropriations made by the General Assembly be used to pay principal or interest of any bonds or notes issued by the authority unless issuance of said bonds or notes has been approved by a vote of the people as set out in Sec. 5, Article VII of the Constitution of the State of Iowa."

H-3879 FILED (1843)
MAY 19, 1975

BY WELDEN of Hardin
KREAMER of Polk
MILLEN of Van Buren
HALVORSON of Clayton
NIELSEN of Polk
BENNETT of Ida
WYCKOFF of Benton
JORDAN of Linn
HARPER of Davis
MENKE of O'Brien
DUNTON of Keokuk
HULLINGER of Decatur
BAKER of Buena Vista
BRANSTAD of Winnebago
PERKINS of Greene
MILLER of Buchanan
NEALSON of Muscatine
CRABB of Crawford
DEN HERDER of Sioux
BORTELL of Madison
EVANS of Grundy
HANSEN of O'Brien
HUSAK of Tama

H-3888

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A 2
B 3
C 4
D 5
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Amend House File 823 as follows:
1. Pages 6 and 7, by striking all of section 3.
2. Page 13, by striking all of lines 5 through 12.
3. Page 45, by striking all of lines 11 through 15.
4. By renumbering the sections to conform with this amendment.

X

H-3888 FILED, H-3888A WITHDRAWN, BY SCHROEDER of Pottawattamie
H-3888B LOST, H-3888C ADOPTED, (1839)
H-3888D WITHDRAWN, MAY 20, 1975

H-3889

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Amend House File 823 as follows:
1. Page 14, line 32, by striking the word "sponsor," and inserting in lieu thereof "sponsor."
2. Page 14, by striking lines 33 and 34.
3. Page 16, line 13, by inserting after the word "destruction", "due to negligence of the lessee".

H-3889 FILED, H-3889A LOST, (184c) BY HINES of Story
H-3889B WITHDRAWN, MAY 20, 1975

H-3859

- 1 Amend House File 823, page 36, by striking line
- 2 25 and inserting in lieu thereof the following:
- 3 "3. The maximum amount of bonds and notes
- 4 issued by the authority which may be outstanding
- 5 at any time shall be set by statute. Bonds and
- 6 notes must be authorized by a resolution"

H-3859 FILED - *Adopted 5/20 (1843)*
MAY 14, 1975

BY WELDEN of Hardin
WYCKOFF of Benton
EVANS of Grundy
MENKE of O'Brien

H-3863

- 1 Amend House File 823, page 12, line 9, by inserting
- 2 after the period the words "A minimum of twenty-five
- 3 percent of this thirty percent must be units
- 4 specifically designed for and directed to very low-
- 5 income families at rents not in excess of twenty-five
- 6 percent of their adjusted income."

H-3863 FILED - *Lost 5/20 (1838)*
MAY 15, 1975

BY MIDDLETON of Black Hawk

H-3897

- 1 Amend House File 823 as follows:
- 2 1. Page 45, by striking all of lines 2 through 10.
- 3 2. By renumbering the sections to conform with
- 4 this amendment.

H-3897 FILED, ADOPTED (1843)
MAY 20, 1975

BY NORLAND of Worth

H-3891

- 1 Amend House File 823, page 23, by striking
- 2 lines 17 through 35, and page 24, by striking
- 3 lines 1 through 10, and by renumbering sections
- 4 and correcting internal references in accordance
- 5 with this amendment.

H-3891 FILED, LOST (1841)
MAY 20, 1975

BY BENNETT of Ida
KREAMER of Polk
WYCKOFF of Benton

H-3890

1 Amend House File 823, page 23, by striking lines
2 19 through 34 and inserting in lieu thereof the
3 following:

4 "local public or private agencies an eighteen month
5 demonstration program of rent supplements designed
6 for very low-income and lower income families, to
7 provide for payment of a maximum of the difference
8 between twenty-five percent of an eligible family's
9 income and the fair market rental of a unit of housing,
10 as established by the authority. Eligibility of a
11 housing unit for participation in the demonstration
12 rent supplement program is subject to approval by
13 the authority based on compliance with the definition
14 of adequate housing in this Act, and agreement by
15 the owner to comply with authority rules pertaining
16 to equal housing opportunity, maintenance, occupancy,
17 and other authority policies. The authority shall,
18 by rule, establish criteria for participation in the
19 demonstration project, based upon the provisions of
20 this section and section four (4) of this Act,
21 including but not limited to the selection of target
22 groups, determined by geographical location or special
23 needs, to receive the benefits of the program under
24 the demonstration project. It shall then receive
25 applications for participation in the demonstration
26 project from agencies or organizations described in
27 subsection two (2) of this section, prepare a detailed
28 plan for the total demonstration project including
29 a statement of funding needs, and submit the plan
30 to the general assembly with its budget request."

H-3890 FILED, ADOPTED (1842)
MAY 20, 1975

BY CUSACK of Scott
TOFTE of Winneshiek
MONROE of Des Moines
READINGER of Polk
ANDERSON of Jasper
CRAWFORD of Story
VARLEY of Adair

HOUSE FILE 823

By COMMITTEE ON HUMAN RESOURCES

(As Amended and Passed by the House)

Passed House, <sup>per Senate
amendment</sup> Date 5-30-75 (2051) Passed Senate, Date 5-29-75 (1635)
Vote: Ayes 66 Nays 22 Vote: Ayes 40 Nays 10
Approved 6-13-75

A BILL FOR

1 An Act establishing the Iowa housing finance authority,
2 prescribing its powers and duties, providing for related
3 tax and other exemptions and appropriations, and provid-
4 ing coordinating amendments related to implementation of
5 the authority's programs.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. NEW SECTION. DEFINITIONS. As used in this
2 Act, unless the context otherwise requires:

3 1. "Authority" means the Iowa housing finance authority
4 established in section two (2) of this Act.

5 2. "Low or moderate income families" means families who
6 cannot afford to pay enough to cause private enterprise in
7 their locality to build an adequate supply of decent, safe,
8 and sanitary dwellings for their use, and includes, but is
9 not limited to, elderly families, families in which one or
10 more persons are handicapped or disabled, lower income families
11 and very low-income families.

12 3. "Lower income families" means families whose incomes
13 do not exceed eighty percent of the median income for the
14 area with adjustments for the size of the family or other
15 adjustments necessary due to unusual prevailing conditions
16 in the area, and includes, but is not limited to, very low-
17 income families.

18 4. "Very low-income families" means families whose incomes
19 do not exceed fifty percent of the median income for the area,
20 with adjustments for the size of the family or other
21 adjustments necessary due to unusual prevailing conditions
22 in the area.

23 5. "Elderly families" means families of low or moderate
24 income where the head of the household or his or her spouse
25 is at least sixty-two years of age or older, or the surviving
26 member of any such tenant family.

27 6. a. "Families" includes but is not limited to
28 families consisting of a single
29 person in the case of a person who is at least sixty-two years
30 of age, is disabled, is handicapped, is displaced, or is the
31 remaining member of a tenant family.

32 b. "Families" includes but is not limited to
33 two or more persons living together
34 who are at least sixty-two years of age, are disabled, or
35 are handicapped, or one or more such individuals living with

1 another person who is essential to such individual's care
2 or well-being.

3 7. "Disabled" means unable to engage in any substantial
4 gainful activity by reason of a medically determinable physical
5 or mental impairment.

6 8. "Handicapped" means having a physical or mental impair-
7 ment which is expected to be of long-continued and indefinite
8 duration, substantially impedes the ability to live indepen-
9 dently, and is of a nature that the ability to live indepen-
10 dently could be improved by more suitable housing conditions.

11 9. "Displaced" means displaced by governmental action,
12 or by having one's dwelling extensively damaged or destroyed
13 as a result of a disaster.

14 10. "Income" means income from all sources of each member
15 of the household, with appropriate exceptions and exemptions
16 reasonably related to an equitable determination of the
17 family's available income, as established by rule of the
18 authority.

19 11. a. "Housing" means single-family and multi-family
20 dwellings, and facilities incidental or appurtenant to the
21 dwellings, and includes noninstitutional residential care
22 facilities.

23 b. "Adequate housing" means housing which meets minimum
24 structural, heating, lighting, ventilation, sanitary, occupancy
25 and maintenance standards compatible with applicable building
26 and housing codes, as determined under rules of the authority.

27 12. "Noninstitutional residential care facility" means
28 any facility providing for a period exceeding twenty-four
29 consecutive hours accommodation, board, personal assistance
30 and other essential daily living activities to three or more
31 individuals, not related to the administrator or owner thereof
32 within the third degree of consanguinity, who by reason of
33 age, illness, disease, or physical or mental infirmity are
34 unable to sufficiently or properly care for themselves but
35 who do not require the services of a registered or licensed

1 practical nurse except on an emergency basis.

2 13. "Mortgage" means a mortgage, mortgage deed, deed of
3 trust, or other instrument creating a first lien, subject
4 only to title exceptions acceptable to the authority, on a
5 fee interest in real property located within this state, or
6 on a leasehold on such a fee interest which has a remaining
7 term at the time of computation that exceeds the maturity
8 date of the mortgage loan.

9 14. "Mortgage lender" means any bank, trust company,
10 mortgage company, national banking association, savings and
11 loan association, life insurance company, or any other
12 financial institution authorized to make mortgage loans in
13 this state.

14 15. "Mortgage loan" means a financial obligation secured
15 by a mortgage.

16 16. "Bond" means a bond issued by the authority pursuant
17 to sections twenty-six (26) through thirty (30) of this
18 Act.

19 17. "Note" means a bond anticipation note or a housing
20 development fund note issued by the authority pursuant to
21 this Act.

22 18. "State agency" means any board, commission, department,
23 public officer, or other agency of the state of Iowa.

24 19. "Housing program" means any work or undertaking
25 of new construction or rehabilitation of one or more housing
26 units, or the acquisition of existing residential structures,
27 for the provision of housing, which is financed pursuant to
28 the provisions of this Act for the primary purpose of providing
29 housing for low or moderate income families. A housing
30 program may include housing for other economic groups
31 as part of an overall plan to develop new or rehabilitated
32 communities or neighborhoods, where housing low or moderate
33 income families is a primary goal. A housing program
34 may include any buildings, land, equipment, facilities, or
35 other real or personal property which is necessary or

1 convenient in connection with the provision of housing,
2 including, but not limited to, streets, sewers, utilities,
3 parks, site preparation, landscaping, and other nonhousing
4 facilities, such as administrative, community, health,
5 recreational, educational, and commercial facilities, as the
6 authority determines to be necessary or convenient in relation
7 to the purposes of this Act.

8 20. "Housing sponsor" means any individual, joint venture,
9 partnership, limited partnership, trust, corporation, housing
10 cooperative, local public entity, governmental unit, or other
11 legal entity, or any combination thereof, approved by the
12 authority or pursuant to standards adopted by the authority
13 as qualified to either own, construct, acquire, rehabilitate,
14 operate, manage, or maintain a housing program, whether
15 for profit, nonprofit, or limited profit, subject to the
16 regulatory powers of the authority and other terms and
17 conditions set forth in this Act. "Housing sponsor" does
18 not include a low or moderate income family which is eligible
19 to own or occupy a housing unit.

20 21. "Dilapidated" means decayed, deteriorated or
21 fallen into partial disuse through neglect or misuse.

22 The authority shall establish by rule further
23 definitions applicable to this Act, and clarification of
24 the definitions in this section, as necessary to assure
25 eligibility for funds available under federal housing laws.

26 Sec. 2. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

27 1. The Iowa housing finance authority is established,
28 and constituted a public instrumentality and agency of the
29 state exercising public and essential governmental functions,
30 established to undertake programs which assist in attainment
31 of adequate housing for low or moderate income families,
32 elderly families, families which include one or more persons
33 who are handicapped or disabled, and the Iowa homesteading
34 program. The powers of the authority shall be vested in and
35 exercised by a board of nine members appointed by the governor

1 with the approval of two-thirds of the members of the senate.
2 No more than five members shall belong to the same political
3 party. Any individual or organization may submit the names
4 of nominees for membership to the governor in writing within
5 thirty days of the effective date of this section, but the
6 governor is not bound to select the members from the nominees
7 submitted. As far as possible the governor shall include
8 within the membership persons determined by him to represent
9 the following interests:

- 10 a. Community and housing development industries.
- 11 b. Housing finance industries.
- 12 c. Real estate sales industry.
- 13 d. Elderly families.
- 14 e. Minorities.
- 15 f. Lower income families.
- 16 g. Very low-income families.
- 17 h. Handicapped and disabled families.

18 2. Members of the authority shall be appointed by the
19 governor for a term of six years, except that, of the first
20 appointments, three members shall be appointed for a term
21 of two years, and three members shall be appointed for a term
22 of four years. A person appointed to fill a vacancy shall
23 serve only for the unexpired portion of the term. A member
24 is eligible for reappointment. A member of the authority
25 may be removed from office by the governor for misfeasance,
26 malfeasance or willful neglect of duty or other just cause,
27 after notice and hearing, unless the notice and hearing is
28 expressly waived in writing.

29 3. Six members of the authority constitute a quorum and
30 the affirmative vote of at least five members is necessary
31 for any substantive action taken by the authority. A vacancy
32 in the membership does not impair the right of a quorum to
33 exercise all rights and perform all duties of the authority.

34 4. Members of the authority are entitled to receive forty
35 dollars per diem for each day spent in performance of duties

1 as members, and shall be reimbursed for all actual and neces-
2 sary expenses incurred in the performance of duties as members.

3 5. Members of the authority and the executive director
4 shall give bond as required for public officers in chapter
5 sixty-four (64) of the Code.

6 6. Meetings of the authority shall be held at the call
7 of the chairman or whenever two members so request.

8 7. Members shall elect a chairman and vice chairman
9 annually, and other officers as they determine, but the
10 executive director shall serve as secretary to the authority.

11 Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general
12 assembly finds and declares as follows:

13 1. The establishment of the authority is in all respects
14 for the benefit of the people of the state of Iowa, for the
15 improvement of their health and welfare, and for the promotion
16 of the economy, which are public purposes.

17 2. The authority will be performing an essential
18 governmental function in the exercise of the powers and duties
19 conferred upon it by this Act.

20 3. There exists a serious shortage of safe and sanitary
21 residential housing available to low or moderate income
22 families.

23 4. This shortage is conducive to disease, crime,
24 environmental decline and poverty and impairs the economic
25 value of large areas, which are characterized by depreciated
26 values, impaired investments, and reduced capacity to pay
27 taxes and are a menace to the health, safety, morals and
28 welfare of the citizens of the state.

29 5. These conditions result in a loss in population and
30 further deterioration, accompanied by added costs to
31 communities for creation of new public facilities and services
32 elsewhere.

33 6. One major cause of this condition has been recurrent
34 shortages of funds in private channels.

35 7. These shortages have contributed to reductions in

1 construction of new residential units, and have made the sale
2 and purchase of existing residential units a virtual
3 impossibility in many parts of the state.

4 8. The ordinary operations of private enterprise have
5 not in the past corrected these conditions.

6 9. A stable supply of adequate funds for residential
7 financing is required to encourage new housing and the
8 rehabilitation of existing housing in an orderly
9 and sustained manner and to reduce the problems described
10 in this section.

11 10. It is necessary to create a state housing finance
12 authority to encourage the investment of private capital and
13 stimulate the construction and rehabilitation of adequate
14 housing through the use of public financing.

15 11. All of the purposes stated in this section are public
16 purposes and uses for which public moneys may be borrowed,
17 expended, advanced, loaned or granted.

18 Sec. 4. NEW SECTION. GUIDING PRINCIPLES. In the
19 performance of its duties and implementation of its powers,
20 and in the selection of specific programs and projects to
21 receive its assistance, the authority shall be guided by the
22 following principles:

23 1. The authority shall not become an owner of real
24 property, except on a temporary basis where necessary in order
25 to implement its programs, protect its investments by means
26 of foreclosure or other means, or to facilitate transfer of
27 real property for the use of low or moderate income families.

28 2. The authority shall function in cooperation with local
29 governmental units and local or regional housing agencies,
30 and in fulfillment of local or regional housing plans, and
31 to that end shall provide technical assistance to local
32 governmental units and local or regional agencies in need
33 of that assistance.

34 3. A local contributing effort shall be required of each
35 project assisted by the authority. As used in this subsection,

1 "project" includes one or more programs authorized under the
2 provisions of this Act. The local contribution may be provided
3 by local governmental units or by local or regional agencies,
4 public or private. Unless otherwise specified in this Act,
5 the percentage and type of local contribution shall be
6 determined by the authority, and may include, but should not
7 be limited to, cash match, land contribution, tax abatement,
8 or ancillary facilities. The authority shall encourage
9 ingenuity and creativity in local effort.

10 4. The authority shall encourage units of local government
11 and local and regional housing agencies to use federal revenue-
12 sharing funds for programs which increase or improve the
13 supply of adequate housing for low or moderate income families.

14 5. The authority shall encourage cooperative housing
15 efforts at the local level, both with respect to the
16 cooperation of public bodies with private enterprise and civic
17 groups, and with respect to the formation of regional or
18 multi-city units engaged in housing.

19 6. Wherever practicable, the authority shall give
20 preference to the following types of programs:

21 a. Those which treat housing problems in the context of
22 the total needs of individuals and communities, recognizing
23 that individuals may have other problems and needs closely
24 related to their need for adequate housing, and that the
25 development of isolated housing units without regard for
26 neighborhood and community development tends to create
27 undesirable consequences.

28 b. Those which promote home ownership by families of low
29 or moderate income, recognizing the need for educational
30 counseling programs in family financial management and home
31 maintenance in order to achieve this goal.

32 c. Those which involve the rehabilitation and conservation
33 of existing housing units, and the preservation of existing
34 neighborhoods and communities.

35 d. Those designed to serve elderly families, families

1 which include one or more persons who are handicapped or
2 disabled, lower income families or very low-income families.

3 7. The authority shall encourage the protection,
4 restoration and rehabilitation of historic properties, and
5 the preservation of other properties of special value for
6 architectural or esthetic reasons. As used in this subsection,
7 "historic properties" means landmarks, landmark sites, or
8 districts which are significant in the history, architecture,
9 archaeology or culture of this state, its communities, or the
10 nation.

11 Sec. 5. NEW SECTION. GENERAL POWERS. The authority has
12 all of the general powers needed to carry
13 out its purposes and duties, and exercise its specific powers,
14 including but not limited to the power to:

15 1. Issue its negotiable bonds and notes as provided in
16 sections twenty-six (26) through thirty (30) of this Act
17 in order to finance its programs.

18 2. Sue and be sued in its own name.

19 3. Have and alter a corporate seal.

20 4. Make and alter bylaws for its management consistent
21 with the provisions of this Act.

22 5. Make and execute agreements, contracts and other instru-
23 ments, with any public or private entity. All political
24 subdivisions, public housing agencies, other public agencies
25 and state departments and agencies may enter into contracts
26 and otherwise cooperate with the authority.

27 6. Acquire, hold, improve, mortgage, lease and dispose
28 of real and personal property, including, but not limited
29 to, the power to sell at public or private sale, with or
30 without public bidding, any such property, mortgage loan,
31 or other obligation held by it.

32 7. Procure insurance against any loss in connection with
33 its operations and property interests.

34 8. Fix and collect fees and charges for its services.

35 9. Subject to any agreement with bondholders or

1 noteholders, invest or deposit moneys of the authority in
2 any manner determined by the authority, notwithstanding the
3 provisions of chapters four hundred fifty-two (452), four
4 hundred fifty-three (453) or four hundred fifty-four (454)
5 of the Code.

6 10. Accept appropriations, gifts, grants, loans, or other
7 aid from public or private entities. A record of all gifts
8 or grants, stating the type, amount and donor, shall be clearly
9 set out in the authority's annual report along with the record
10 of other receipts.

11 11. Provide technical assistance and counseling related
12 to the authority's purposes, to public and private entities.

13 12. In cooperation with other local, state or federal
14 governmental agencies, conduct research studies, develop
15 estimates of unmet housing needs, and gather and compile
16 data useful to facilitate decision making.

17 13. Cooperate in development of, and initiate housing
18 demonstration projects.

19 14. Contract with architects, engineers, attorneys,
20 accountants, housing construction and finance experts, and
21 other advisors. However, the authority may enter into
22 contracts or agreements for such services with local, state
23 or federal governmental agencies.

24 15. Make, alter and repeal rules consistent with the
25 provisions of this Act, and subject to chapter seventeen A
26 (17A) of the Code.

27 Sec. 6. NEW SECTION. STAFF.

28 1. The governor, with the approval of two-thirds of the
29 members of the senate, shall appoint an executive director
30 of the authority, who shall serve at the pleasure of the
31 governor. The executive director shall be selected primarily
32 for administrative ability and knowledge in the field, without
33 regard to political affiliation. The executive director shall
34 not, directly or indirectly, exert influence to induce any
35 other officers or employees of the state to adopt a political

1 view, or to favor a political candidate for office.

2 2. The executive director shall advise the authority on
3 matters relating to housing and housing finance, carry out
4 all directives from the authority, and hire and supervise
5 the authority's staff pursuant to its directions and under
6 the provisions of chapter nineteen A (19A) of the Code.

7 3. The executive director, as secretary of the authority,
8 shall keep a record of the proceedings of the authority and
9 shall be custodian of all books, documents and papers filed
10 with the authority and of its minute book and seal. He shall
11 have authority to cause to be made copies of all minutes and
12 other records and documents of the authority and to give
13 certificates under the seal of the authority to the effect
14 that such copies are true copies and all persons dealing with
15 the authority may rely upon such certificates.

16 Sec. 7. NEW SECTION. ANNUAL REPORT.

17 1. The authority shall submit to the governor and to the
18 general assembly, not later than January fifteenth each year,
19 a complete report setting forth:

20 a. Its operations and accomplishments.

21 b. Its receipts and expenditures during the fiscal year,
22 in accordance with the classifications it establishes for
23 its operating and capital accounts.

24 c. Its assets and liabilities at the end of its fiscal
25 year and the status of reserve, special and other funds.

26 d. A schedule of its bonds and notes outstanding at the
27 end of its fiscal year, together with a statement of the
28 amounts redeemed and issued during its fiscal year.

29 e. A statement of its proposed and projected activities.

30 f. Recommendations to the general assembly, as it deems
31 necessary.

32 g. An analysis of current housing needs in the state.

33 2. The annual report shall identify performance goals
34 of the authority, and clearly indicate the extent of progress
35 during the reporting period, in attaining the goals. Where

1 possible, results shall be expressed in terms of housing
2 units.

3 Sec. 8. NEW SECTION. PERCENTAGE REQUIREMENT. Not less
4 than thirty percent of the housing units provided directly
5 or indirectly by the authority in each three-year period
6 beginning July 1, 1975, must be units specially designed for
7 and directed to elderly families, families which include one
8 or more persons who are handicapped or disabled, or very low-
9 income families. Failure to comply with this requirement
10 does not invalidate any bonds, notes or other obligations
11 of the authority.

12 Sec. 9. NEW SECTION. NONDISCRIMINATION AND AFFIRMATIVE
13 ACTION.

14 1. Housing financed or otherwise assisted by the authority,
15 directly or indirectly, shall be open to all persons regardless
16 of race, creed, color, sex, national origin, age, physical
17 or mental impairment, or religion, except that preference
18 may be given to elderly families, families which include
19 one or more persons who are handicapped or disabled,
20 lower income families or very low-income families.

21 2. The authority shall promote marketing plans to make
22 housing available to all persons without discrimination.

23 3. The authority shall require adoption and submission
24 of an affirmative action program for employment by all
25 contractors and subcontractors of housing financed or otherwise
26 assisted by the authority.

27 4. The authority shall require all mortgage lenders who
28 participate in programs financed or otherwise assisted by
29 it to agree that they will not designate certain areas as
30 unsuitable for the making of mortgage loans because of the
31 prevailing income, racial, ethnic or other characteristics
32 of the inhabitants of the area. This subsection is intended
33 to prohibit all mortgage lenders who participate in authority
34 programs from engaging in the practice commonly known as "red-
35 lining".

1 5. The authority may require mortgage lenders who
2 participate in programs financed or otherwise assisted by
3 the authority to take affirmative action to make mortgage
4 loans in areas with a higher than average concentration of
5 lower-income families or members of racial or ethnic
6 minorities.

7 Sec. 10. NEW SECTION. SURPLUS MONEYS. All moneys declared
8 by the authority to be surplus moneys which are not required
9 to service bonds and notes issued by the authority, to pay
10 administrative expenses of the authority, or to accumulate
11 necessary operating or loss reserves, shall be used by the
12 authority to provide grants, subsidies, and services to lower
13 income families and very low-income families through any of
14 the programs authorized in this Act.

15 Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Any programs
16 authorized in this Act may be combined with any other programs
17 authorized in this Act in order to facilitate as far as
18 practicable the provision of adequate housing to low and
19 moderate income families.

20 Sec. 12. NEW SECTION. MORTGAGE LOANS.

21 1. The authority may make mortgage loans, including but
22 not limited to mortgage loans insured, guaranteed, or otherwise
23 secured by the federal government or by private mortgage
24 insurers, to housing sponsors to provide long-term financing
25 for the purchase, building, or rehabilitation of adequate
26 housing for low or moderate income families, elderly families,
27 families which include one or more persons who are handicapped
28 or disabled, and noninstitutional residential care facilities.

29 2. A mortgage loan under this section may be made only
30 when the authority determines that the housing sponsor is
31 unable to obtain the necessary financing from other sources
32 upon terms and conditions which the sponsor reasonably could
33 be expected to fulfill.

34 3. The authority shall make and execute contracts with
35 mortgage lenders for the servicing of mortgage loans made

1 under this section. The authority may pay the reasonable
2 value of services rendered pursuant to such contracts.

3 4. Mortgage loans shall contain terms and provisions
4 including interest rates, and be in a form as established
5 by rules of the authority. The authority shall require the
6 housing sponsor or its contractor to post labor and materials
7 surety bonds, and construction performance surety bonds in
8 amounts related to the cost of the housing, and to execute
9 other assurances and guarantees reasonably related to
10 protecting the security of the mortgage loan, as the authority
11 deems necessary.

12 5. In considering an application for a mortgage loan under
13 this section, the authority shall determine that the housing
14 will be adequate and provide for the special needs of families
15 of low or moderate income, elderly families, or families which
16 include one or more persons who are handicapped or disabled,
17 or will meet state standards for noninstitutional residential
18 care facilities, and shall also give consideration to:

19 a. The comparative need for housing or noninstitutional
20 residential care facilities in the area.

21 b. The ability of the applicant to operate, manage and
22 maintain the proposed housing.

23 6. Each mortgage loan shall be subject to an agreement
24 between the authority and the housing sponsor which will
25 subject the housing sponsor to limitations established by
26 the authority as to rentals and other charges, builders' and
27 developers' profits and fees, and dispositions of interests
28 in the property mortgaged, including provisions to prohibit
29 assumption of a mortgage without permission of the mortgagee.

30 7. As a condition of a mortgage loan, the authority may,
31 upon reasonable notice, during construction or rehabilitation
32 of the housing and during its operation:

33 a. Enter upon and inspect the physical condition of the
34 premises, examine books and records of the housing sponsor,
35 and impose fees to cover the cost of the inspections and

1 examinations.

2 b. Require alterations or repairs as necessary to protect
3 the security of its investment and the welfare of the occu-
4 pants, and to insure that the housing is in conformity with
5 applicable federal, state and local laws.

6 c. Require whatever action is necessary to comply with
7 applicable federal, state and local laws, and file and prose-
8 cute a complaint or seek injunctive relief for a violation
9 of applicable federal, state or local laws.

10 8. A mortgage loan may be prepaid to maturity after a
11 period of years as determined by rule of the authority, if
12 the authority determines that the prepayment will not result
13 in a material escalation of rents or fees charged to the
14 occupants.

15 Sec. 13. NEW SECTION. LEASE-PURCHASE AGREEMENTS. By
16 means of its other financing programs, the authority may
17 encourage and assist in the provision of housing which will
18 be transferred to low or moderate income families, elderly
19 families, and families which include one or more persons who
20 are handicapped or disabled, pursuant
21 to lease-purchase agreements.

22 1. A lease-purchase agreement shall include, but not be
23 limited to the following terms:

24 a. The original lease-purchase agreement shall be for
25 a term of one year, with option by lessee to renew on the
26 same terms. The lease may be terminated by the lessee, upon
27 sixty-days' written notice. The lease may be terminated by
28 the lessor at any time for material
29 breach of the agreement by the
30 lessee, by service on the lessee of a notice to quit in
31 conformance with state law.

32 The lease may otherwise be terminated by the lessor upon
33 sixty-days' written notice for only the following causes:

34 (1) In the event of sale of the property due to insolvency
35 of the lessor, in which case the lessee will be given first

1 option to purchase the property before the sale is made.

2 (2) For purposes of removing the buildings, or materially
3 altering or improving them, to conform with local housing
4 or building codes.

5 b. The rent shall not exceed twenty-five percent of the
6 lessee's income, but the lessee shall have the option to pay
7 additional amounts.

8 c. The lessee shall be responsible for routine maintenance
9 of the property, and for its performance shall be credited
10 with an amount equal to the budgeted amount for monthly routine
11 maintenance in the monthly housing cost. This credit may
12 be applied by the lessee to the purchase price in the event
13 he exercises his option to purchase the property.

14 d. The premises or a portion of them shall be used by
15 the lessee as a dwelling and no part may be assigned or
16 subleased without the lessor's written approval.

17 e. The agreement shall be terminated if the property
18 suffers substantial destruction or is taken by condemnation.

19 f. Major repairs and remodeling or reconstruction shall
20 be undertaken by the lessee only upon written approval by
21 the lessor, and the costs of major repairs and remodeling
22 or reconstruction may be paid by the lessor, or the lessee
23 may deduct the cost including reasonable costs for the lessee's
24 labor from the rent payments, and receive full credit.

25 g. The original lease-purchase agreement shall state a
26 monthly housing cost for the unit, equal to the sum of the
27 following:

28 (1) The monthly debt service on the property.

29 (2) One-twelfth of the annual real property taxes.

30 (3) One-twelfth of the annual premium for fire and extended
31 coverage, and casualty insurance.

32 (4) The current monthly amount budgeted for routine
33 maintenance and nonroutine maintenance reserves.

34 (5) Other monthly costs specified in the agreement.

35 2. At the time the original lease-purchase agreement is

1 entered into, the lessee and lessor shall also enter into
2 an option to purchase agreement, which shall include but not
3 be limited to the following terms:

4 a. The purchase price of the property shall be the
5 unamortized balance of debt on the property plus the lessor's
6 original down-payment.

7 b. The option to purchase shall state the market value
8 of the property, and the lessor's purchase cost of the property,
9 and shall state the amount, term and
10 interest rate of any mortgage loan on the property.

11 c. The lessee shall have the right to exercise his option
12 to purchase the property when all of the following conditions
13 have been met:

14 (1) The lessee has maintained a level of rent payments
15 equal to the monthly housing cost of the property for a period
16 of one year.

17 (2) The lessee has complied with the terms of the lease
18 during the leasing period.

19 (3) The lessee is able to meet the established purchase
20 price through a combination of earned credits toward
21 downpayment, downpayment grant, assumption of the lessor's
22 mortgage, refinancing with a new mortgage, or contract of
23 sale from the lessor.

24 d. The payments required under the mortgage or contract
25 of sale shall be sufficient to pay taxes, insurance, and the
26 stated minimum interest, and to amortize the stated market
27 value of the property within a period of not to exceed fifty
28 years from the date of the original lease-purchase agreement.

29 e. All rent paid by the lessee, less the amount necessary
30 to pay taxes, insurance, and interest, shall be applied to
31 and considered as a part of the down payment against the
32 stated market value of the property.

33 f. The authority may establish other criteria reasonably
34 related to determining that a lessee is capable of handling
35 the responsibilities of home ownership before a transfer of

1 title is made or a contract of sale is entered into.

2 3. To the extent funds are available, the authority may
3 provide down payment grants to very low-income families and
4 lower income families who have established home ownership
5 capability by making regular payments under a lease from their
6 own resources for a period of not less than one year and by
7 meeting other criteria reasonably related to determining that
8 a lessee is capable of handling the responsibilities of home
9 ownership, as the authority establishes by rule. In addition,
10 the authority may provide funds to private, nonprofit
11 organizations for the purpose of making down-payment grants
12 to very low-income families and lower income families who
13 are participating in lease-purchase programs administered
14 by the organization which meet standards similar to the
15 standards specified in this section, and which are acceptable
16 to the authority.

17 4. The authority may combine the lease-purchase program
18 with other programs provided or assisted by the authority,
19 in order to encourage eventual home ownership by very low-
20 income families and lower income families who are able to
21 establish home ownership capability by showing regularity
22 of payment and property maintenance.

23 Sec. 14. NEW SECTION. IOWA HOMESTEADING PROGRAM.

24 1. The Iowa homesteading program is established to be
25 under the supervision of the authority. The purpose of the
26 program is to alleviate problems of slums and blighted areas,
27 to provide for rehabilitation of dilapidated and deteriorating
28 housing, and to make existing housing available to families,
29 all of which are declared to be public purposes. The authority
30 may establish homesteading projects in any part of the state,
31 subject to the approval of the local governing body and in
32 cooperation with suitable local agencies, may provide financial
33 and technical assistance to housing sponsors for the
34 establishment of homesteading projects which meet the
35 requirements of this Act, and may coordinate and cooperate

1 with similar local projects to provide housing.

2 2. When the authority implements its homesteading program,
3 it shall:

4 a. Encourage private rehabilitation of abandoned or
5 dilapidated housing through homesteading projects where normal
6 private or governmental development or rehabilitation is
7 economically unfeasible or has been neglected.

8 b. Locate and compile a catalog of all private, city,
9 state and federally owned abandoned or dilapidated structures
10 appropriate for inclusion in homesteading projects, utilizing
11 the aid of other local, state and federal agencies.

12 c. Publicize the homesteading program and available prop-
13 erties.

14 d. Employ staff persons with knowledge and experience
15 in residential housing finance, construction or rehabilitation,
16 and in dealing with housing problems.

17 e. Establish a coordinated approach toward neighborhood
18 improvement through the homesteading program and the upgrading
19 of community services and facilities.

20 3. The authority may:

21 a. Recommend legislation to provide appropriate exemptions
22 from real property tax laws for homesteading properties.

23 b. Recommend temporary suspension or temporary or permanent
24 modification of building and housing code requirements to
25 the extent necessary to permit safe and economical
26 rehabilitation of housing.

27 4. The authority shall formulate and revise as necessary
28 rules for approval of homesteading projects based upon the
29 following requirements, and others as needed.

30 a. Homesteading projects shall provide for:

31 (1) Approval of homesteading applicants on a first in
32 time is first in right basis, unless probability of success
33 with a subsequent applicant is substantially higher. In cases
34 of two or more applicants for a single property, priority
35 may be given to a resident of the city or county where the

1 property is located, or to the applicant with the lowest
2 income who is otherwise qualified.

3 (2) Aid and assistance for applicants to apply for and
4 receive financial and technical assistance and counseling
5 from public or private sources.

6 (3) Announced quarterly inspections of homesteads during
7 rehabilitation.

8 (4) Payment for the reasonable value of improvements on
9 property returned for good faith failure to comply with the
10 homesteading requirements, less a reasonable rental value.

11 (5) Repossession of property upon proper notice and hearing
12 unless waived by the homestead applicant, for unreasonable
13 failure to comply with homesteading requirements.

14 b. Applicants for a homesteading project shall:

15 (1) Have reached the age of majority.

16 (2) Be United States citizens or registered aliens.

17 (3) Agree to rehabilitate the property to meet applicable
18 building or housing code standards within a two-year period
19 after initial transfer of conditional title. However,
20 the two-year period may be extended for reasonable cause.

21 (4) Agree to live in and occupy the housing for five con-
22 tinuous years.

23 c. The housing sponsor providing the homesteading property
24 shall agree to:

25 (1) The conditional conveyance of unoccupied residential
26 property to the applicant with or without any substantial
27 consideration, which consideration may include the value of
28 work performed by the applicant in rehabilitating the property
29 during the period of the conditional conveyance.

30 (2) The revocation of the conveyance upon any material
31 breach of the agreement.

32 (3) The conveyance from the agency of fee simple title
33 to the property upon compliance with the agreement.

34 5. The authority may establish and maintain a "homesteading
35 fund" to be administered as follows:

1 a. The fund shall be used exclusively for rehabilitation
2 loans.

3 b. Rehabilitation loans shall be granted exclusively to
4 those selected for homesteading.

5 c. No rehabilitation loans shall be made until a condi-
6 tional conveyance has been issued.

7 d. The rehabilitation loans shall be for a maximum term
8 of twenty years.

9 e. The interest rates for rehabilitation loans shall be
10 established by rule of the authority and shall be as low as
11 practicable considering current market conditions.

12 f. All funds received as payment on the rehabilitation
13 loans shall be deposited in the homesteading fund.

14 g. The authority may require security for the rehabili-
15 tation loans.

16 Sec. 15. NEW SECTION. HOUSING ASSISTANCE FOR VERY LOW-
17 INCOME AND LOWER INCOME FAMILIES.

18 1. The authority shall participate in the housing assis-
19 tance payments program under section eight (8) of the United
20 States Housing Act of 1937, section one thousand four hundred
21 one (1401) et seq., title forty-two (42), United States Code,
22 as amended by section two hundred one (201) of the Housing
23 and Community Development Act of 1974 (Public Law ninety-three
24 dash three hundred eighty-three (93-383)). The purpose of
25 participation is to enable the authority to obtain, on behalf
26 of the state of Iowa, set-asides of contract authorization
27 reserved by the United States secretary of housing and urban
28 development for public housing agencies, to enter into annual
29 contributions contracts, to otherwise expedite use of the
30 program through the use of state housing finance funds, and
31 to encourage new construction and substantial rehabilitation
32 of housing suitable for assistance under the program.
33 Assistance may be provided for existing housing units made
34 available by owners for the program, as well as for newly
35 constructed housing units. Maximum rents shall be established

1 by the authority in conformity with federal law.

2 2. To establish maximum eligibility for set-asides the
3 authority shall:

4 a. Develop and implement procedures which will to the
5 fullest possible extent complement the allocation system of
6 the United States department of housing and urban development.

7 b. Evaluate statewide and local housing needs and develop
8 a program to provide housing in areas of most critical need,
9 within its allocation of set-aside contract authority.

10 c. Comply with all documentation and application require-
11 ments of the federal law.

12 3. The authority shall cooperate to the fullest extent
13 possible with local housing agencies for implementation of
14 the housing assistance payments program. The agency may enter
15 into agreements with local housing agencies, housing
16 cooperatives, or other public or private entities for
17 commitment of housing assistance upon completion of an approved
18 proposal, and may subsequently execute with such entities
19 housing assistance payments contracts.

20 4. Permanent financing for units to be subsidized under
21 the housing assistance payments program may be provided by
22 the authority, directly or indirectly, by the proceeds from
23 the sale of bonds and notes as provided in this Act, or by
24 other moneys available to the authority, by appropriations
25 or otherwise.

26 5. The authority shall, when appropriate, take necessary
27 steps to cooperate with the United States department of agri-
28 culture in implementation of sections five hundred seventeen
29 (517) and five hundred twenty-one (521) of the Housing Act
30 of 1949, sections one thousand four hundred eighty-seven
31 (1487) and one thousand four hundred ninety a (1490a), title
32 forty-two (42), United States Code, as amended by section
33 five hundred fourteen (514) of the Housing and Community
34 Development Act of 1974 (Public Law ninety-three dash three
35 hundred eighty-three 93-383)). The purpose of such programs

1 is to extend to rural areas the provisions of housing
2 assistance payments programs.

3 6. The authority shall, when appropriate, take necessary
4 steps to participate in the programs of federal assistance
5 to state housing finance agencies for expanding the supply
6 of housing available to low or moderate income families, as
7 provided in section eight hundred two (802) of the Housing
8 and Community Development Act of 1974 (Public Law ninety-three
9 dash three hundred eighty-three (93-383)).

10 7. The authority may participate in other programs under
11 the Housing and Community Development Act of 1974 (Public
12 Law ninety-three dash three hundred eighty-three (93-383)),
13 and in other federal programs designed to increase the supply
14 of adequate housing for low or moderate income families and
15 may recommend appropriate legislation to the general assembly
16 where further legislation is needed to accomplish such
17 participation.

18 Sec. 16. NEW SECTION. RENT SUPPLEMENTS.

19 1. The authority may establish and administer through
20 local public or private agencies an eighteen month
21 demonstration program of rent supplements designed for
22 very low-income and lower income families, to provide for
23 payment of a maximum of the difference between twenty-five
24 percent of an eligible family's income and the fair market
25 rental of a unit of housing, as established by the authority.
26 Eligibility of a housing unit for participation in the
27 demonstration rent supplement program is subject to approval
28 by the authority based on compliance with the definition of
29 adequate housing in this Act, and agreement by the owner
30 to comply with authority rules pertaining to equal housing
31 opportunity, maintenance, occupancy, and other authority
32 policies. The authority shall, by rule, establish criteria
33 for participation in the demonstration project, based upon
34 the provisions of this section and section four (4) of this
35 Act, including but not limited to the selection of target

1 groups, determined by geographical location or special needs,
2 to receive the benefits of the program under the demonstration
3 project. It shall then receive applications for participation
4 in the demonstration project from agencies or organizations
5 described in subsection two (2) of this section, prepare a
6 detailed plan for the total demonstration project including
7 a statement of funding needs, and submit the plan to the
8 general assembly with its budget request.

9 2. A governing body of a city or county, a public housing
10 agency, or a private, nonprofit organization which provides
11 or wishes to provide housing to lower income families, is
12 eligible to apply for participation in the rent supplement
13 program. Funds available for the rent supplement program,
14 whether from appropriations or from other sources, shall be
15 made available by the authority to cities, counties, public
16 housing agencies, or private, nonprofit organizations on a
17 one-to-one matching basis with funds supplied by the cities,
18 counties, public housing agencies, or private, nonprofit
19 organizations that participate.

20 Sec. 17. NEW SECTION. EMERGENCY HOUSING FUND. The
21 authority may establish a fund to be known as the "emergency
22 housing fund" to be administered by the authority separate
23 and distinct from other moneys or funds administered by the
24 authority.

25 The emergency housing fund may be comprised of the proceeds
26 of appropriations, grants and other contributions and the
27 authority is authorized to accept contributions to the fund
28 from any source.

29 The emergency housing fund may be used to make grants and
30 temporary loans at interest rates and terms as determined
31 by the authority, for the following purposes:

- 32 1. To defray the local contribution requirement for housing
33 sponsors who apply for rent supplement assistance as provided
34 in section sixteen (16) of this Act and who, in the judgment
35 of the authority, would not be able to provide the local

1 contribution without undue hardship.

2 2. To defray temporary housing costs that result from
3 displacement by natural or other disaster, if the disaster
4 has been proclaimed by the governor.

5 3. To defray a portion of the expense required to develop
6 and initiate housing which deals creatively with the housing
7 problems of low or moderate income families, elderly families,
8 and families which include one or more persons who are
9 handicapped or disabled.

10 Sec. 18. NEW SECTION. HOUSING ASSISTANCE FUND. The
11 authority may establish a revolving fund to be known as the
12 "housing assistance fund", to be administered by the authority
13 as a trust fund separate and distinct from other moneys or
14 funds administered by the authority.

15 The housing assistance fund may be comprised of the proceeds
16 of appropriations, grants and other contributions, earnings
17 accruing to the authority, surplus moneys transferred as
18 provided in section ten (10) of this Act, and of fund notes
19 issued by the authority as provided in section nineteen (19)
20 of this Act, and the authority is authorized to accept
21 contributions to the fund from any source.

22 The housing assistance fund may be used to make temporary
23 loans at interest rates and terms as determined by the
24 authority, for the following purposes:

25 1. To defray development costs for housing for low or
26 moderate income families provided by housing sponsors. A
27 "development cost" loan shall be repaid in full by the borrower
28 concurrent with obtaining a construction loan, unless the
29 authority extends the period for repayment, but the period
30 for repayment shall not be extended beyond the date of
31 obtaining a mortgage loan on the housing. As used in this
32 section, "development costs" means the costs approved by the
33 authority as appropriate expenditures which may be incurred
34 by builders and developers prior to commitment and initial
35 advance of the proceeds of a construction loan or a mortgage

1 loan, including but not limited to:

2 a. Payments for options to purchase properties on the
3 proposed housing site, deposits on contracts of purchase,
4 or, with approval of the authority, payments for the purchasing
5 of such properties.

6 b. Legal and organizational expenses including payment
7 of attorney fees, project manager, clerical and other staff
8 salaries, office rent and other incidental expenses.

9 c. Payment of fees for preliminary feasibility studies
10 and advances for planning, engineering and architectural work.

11 d. Expenses for tenant surveys and market analysis.

12 e. Necessary application and other fees.

13 2. To make or participate in the making of mortgage loans
14 for rehabilitation or preservation of existing dwellings for
15 the use of low or moderate income families, elderly families
16 or families which include one or more persons who are
17 handicapped or disabled. A rehabilitation or preservation
18 loan may be for the estimated cost of the rehabilitation work
19 to be done, for the purpose of refinancing an existing mortgage
20 loan, for the purpose of doing the rehabilitation work, or
21 for the purpose of acquiring housing in which rehabilitation
22 work is to be done. The rehabilitation or preservation loan
23 shall not exceed, with all other existing indebtedness of
24 the property, the estimated market value of the property as
25 determined by the authority, after the rehabilitation or
26 preservation is completed, and the term of a loan shall not
27 exceed the estimated useful life of the property as determined
28 by the authority, after rehabilitation or preservation. The
29 proposed rehabilitation or preservation shall assure that
30 the property will not contain any substantial violation of
31 applicable housing codes. A rehabilitation or preservation
32 loan under this subsection may be made only when the authority
33 determines that the proposed mortgagor is unable to obtain
34 the necessary financing from other sources upon terms and
35 conditions which the proposed mortgagor reasonably could be

1 expected to fulfill. A rehabilitation or preservation loan
2 under this subsection may be provided only within an area
3 of a city for which an authorized city agency submits a
4 satisfactory affirmative neighborhood preservation program,
5 or in other areas within or outside of cities where the
6 authority determines that rehabilitation or preservation is
7 economically sound and a program of neighborhood preservation
8 is inappropriate. The following criteria, along with others
9 reasonably related to the purposes of this Act, which may
10 be determined by the authority, shall be considered in
11 determining whether an affirmative neighborhood preservation
12 program is satisfactory:

13 a. The degree of blight, decay or deterioration of housing
14 or the imminent threat of blight, decay or deterioration of
15 housing within the area.

16 b. The degree to which financing for repairs, remodeling
17 or rehabilitation of housing within the area is available.

18 c. The proportion of residential structures within the
19 area which are owner-occupied.

20 d. The degree to which the financial resources of proposed
21 occupants of the housing, including resources available to
22 them under this Act or other federal, state, and local laws
23 and programs, provide reasonable assurances of the economic
24 feasibility of the financing of rehabilitation or preservation.

25 e. The expressed commitment of the city to provide a
26 concentrated effort to enforce the applicable housing codes
27 within the area.

28 f. The expressed commitment of the city to provide capital
29 improvements and other city services so as to stabilize,
30 improve and restore the neighborhood.

31 Sec. 19. NEW SECTION. HOUSING ASSISTANCE FUND NOTES.

32 The authority may issue housing assistance fund notes, the
33 principal and interest of which shall be payable solely from
34 the housing assistance fund established under section eighteen
35 (18) of this Act. The fund notes of each issue shall be

1 dated, shall mature at such times not exceeding ten years
2 from their dates, and may be made redeemable before maturity,
3 at the option of the authority, at prices and under terms
4 and conditions as determined by the authority. The authority
5 shall determine the form and manner of execution of the fund
6 notes, including any interest coupons to be attached thereto,
7 and shall fix the denominations and the places of payment
8 of principal and interest, which may be any financial
9 institution within or without the state or any agent, including
10 the lender. If any officer whose signature or a facsimile
11 of whose signature appears on fund notes or coupons shall
12 cease to be that officer before the delivery of the notes
13 or coupons, the signature or facsimile shall be valid and
14 sufficient for all purposes the same as if the officer had
15 remained in office until delivery. The fund notes may be
16 issued in coupon or in registered form, or both, as the
17 authority determines, and provision may be made for the
18 registration of coupon fund notes as to principal alone and
19 also as to both principal and interest, and for the conversion
20 into coupon fund notes of any fund notes registered as to
21 both principal and interest, and for the interchange of
22 registered and coupon fund notes. Fund notes shall bear
23 interest at rates as determined by the authority and may be
24 sold in a manner, either at public or private sale, and for
25 a price as the authority determines to be best to effectuate
26 the purposes of the housing assistance fund. The proceeds
27 of fund notes shall be used solely for the purposes for which
28 issued and shall be disbursed in a manner and under
29 restrictions as provided in this section and in the resolution
30 of the authority providing for their issuance. The authority
31 may provide for the replacement of fund notes which become
32 mutilated or are destroyed or lost.

33 Sec. 20. NEW SECTION. LOANS TO MORTGAGE LENDERS.

34 1. The authority may make, and contract to make, loans
35 to mortgage lenders on terms and conditions as it determines

1 which are reasonably related to protecting the security of
2 the authority's investment and to implementing the purposes
3 of this Act, and subject to this section, and all mortgage
4 lenders are authorized to borrow from the authority in
5 accordance with the provisions of this section and the rules
6 of the authority.

7 2. The authority shall require as a condition of each
8 loan to a mortgage lender that the mortgage lender, within
9 a reasonable period after receipt of the loan proceeds as
10 the authority prescribes by rule, shall have entered into
11 written commitments to make, and, within a reasonable period
12 thereafter as the authority prescribes by rule, shall have
13 disbursed the loan proceeds in new mortgage loans to low or
14 moderate income families in an aggregate principal amount
15 equal to the amount of the loan. New mortgage loans shall
16 have terms and conditions as the authority prescribes by rules
17 which are reasonably related to implementing the purposes
18 of this Act.

19 3. The authority shall require the submission to it by
20 each mortgage lender to which the authority has made a loan,
21 of evidence satisfactory to the authority of the making of
22 new mortgage loans to low or moderate income families as
23 required by this section, and in that connection may, through
24 its members, employees or agents, inspect the books and records
25 of a mortgage lender.

26 4. Compliance by a mortgage lender with the terms of its
27 agreement with the authority with respect to the making of
28 new mortgage loans to low or moderate income families may
29 be enforced by decree of any district court of this state.
30 The authority may require as a condition of a loan to a
31 national banking association or a federally chartered savings
32 and loan association, the consent of the association to the
33 jurisdiction of courts of this state over any such proceeding.
34 The authority may also require, as a condition of a loan to
35 a mortgage lender, agreement by the mortgage lender to the

1 payment of penalties to the authority for violation by the
2 mortgage lender of its agreement with the authority, and the
3 penalties shall be recoverable at the suit of the authority.

4 5. The authority shall require that each mortgage lender
5 receiving a loan pursuant to this section shall issue and
6 deliver to the authority an evidence of its indebtedness to
7 the authority which shall constitute a general obligation
8 of the mortgage lender and shall bear a date, mature at a
9 time, be subject to prepayment, and contain other provisions
10 consistent with this section and reasonably related to
11 protecting the security of the authority's investment, as
12 the authority determines.

13 6. Notwithstanding any other provision of this section
14 to the contrary, the interest rate and other terms of loans
15 to mortgage lenders made from the proceeds of an issue of
16 bonds or notes of the authority shall be at least sufficient
17 to assure the payment of the bonds or notes and the interest
18 on them as they become due.

19 7. The authority shall require that loans to mortgage
20 lenders are additionally secured as to payment of both prin-
21 cipal and interest by a pledge of and lien upon collateral
22 security by special escrow funds or other forms of guarantee
23 and in such amounts and forms as the authority shall by
24 resolution determine to be necessary to assure the payment
25 of the loans and the interest thereon as they become due.
26 Collateral security shall consist of direct obligations of,
27 or obligations guaranteed by, the United States or one of
28 its agencies, obligations satisfactory to the authority which
29 are issued by other federal agencies, direct obligations of
30 or obligations guaranteed by a state or a political subdi-
31 vision of a state, or investment quality obligations approved
32 by the authority.

33 8. The authority may require that collateral for loans
34 be deposited with a bank, trust company or other financial
35 institution acceptable to the authority located in this state

1 and designated by the authority as custodian. In the absence
2 of such a requirement, each mortgage lender shall enter into
3 an agreement with the authority containing provisions as the
4 authority deems necessary to adequately identify and main-
5 tain the collateral, service the collateral, and require the
6 mortgage lender to hold the collateral as an agent for the
7 authority and be accountable to the authority as the trustee
8 of an express trust for the application and disposition of
9 the collateral and the income from it. The authority may
10 also establish additional requirements as it deems necessary
11 with respect to the pledging, assigning, setting aside, or
12 holding of collateral and the making of substitutions for
13 it or additions to it and the disposition of income and
14 receipts from it.

15 9. The authority may require as a condition of loans to
16 mortgage lenders, any representations and warranties it
17 determines are necessary to secure the loans and carry out
18 the purposes of this section.

19 10. If a provision of this section is inconsistent with
20 a provision of law of this state governing mortgage lenders,
21 the provision of this section controls for the purposes of
22 this section.

23 Sec. 21. NEW SECTION. PURCHASE OF MORTGAGE LOANS.

24 1. The authority may purchase, and make commitments to
25 purchase, mortgage loans from mortgage lenders at prices and
26 upon terms and conditions as it determines subject to this
27 section. However, the total purchase price for all mortgage
28 loans which the authority commits to purchase from a mortgage
29 lender at any one time shall not exceed the total of the
30 unpaid principal balances of the mortgage loans purchased.
31 Mortgage lenders are authorized to sell mortgage loans to
32 the authority in accordance with the provisions of this section
33 and the rules of the authority.

34 2. The authority shall require as a condition of purchase
35 of mortgage loans from mortgage lenders that the mortgage

1 lenders, within a reasonable period after receipt of the
2 purchase price as the authority prescribes by rule, shall
3 enter into written commitments to loan and, within a reasonable
4 period thereafter as the authority prescribes by rule, shall
5 loan an amount equal to the entire purchase price of the
6 mortgage loans, on new mortgage loans to low or moderate
7 income families. New mortgage loans shall have terms and
8 conditions as the authority prescribes by rule.

9 3. The authority shall require the submission to it by
10 each mortgage lender from which the authority has purchased
11 mortgages, of evidence satisfactory to the authority of the
12 making of new mortgage loans to low or moderate income families
13 as required by this section and in that connection may, through
14 its members, employees or agents, inspect the books and records
15 of a mortgage lender.

16 4. Compliance by a mortgage lender with the terms of its
17 agreement with the authority with respect to the making of
18 new mortgage loans to low or moderate income families may
19 be enforced by decree of any district court of this state.
20 The authority may require as a condition of purchase of
21 mortgage loans from any national banking association or
22 federally chartered savings and loan association, the consent
23 of the association to the jurisdiction of courts of this state
24 over any such proceeding. The authority may also require
25 as a condition of the authority's purchase of mortgage loans
26 from a mortgage lender, agreement by the mortgage lender to
27 the payment of penalties to the authority for violation by
28 the mortgage lender of its agreement with the authority, and
29 the penalties shall be recoverable at the suit of the
30 authority.

31 5. The authority may require as a condition of purchase
32 of a mortgage loan from a mortgage lender that the mortgage
33 lender represent and warrant to the authority that:

34 a. The unpaid principal balance of the mortgage loan and
35 the interest rate on it have been accurately stated to the

1 authority.

2 b. The amount of the unpaid principal balance is justly
3 due and owing.

4 c. The mortgage lender has no notice of the existence
5 of any counterclaim, offset or defense asserted by the
6 mortgagor or his successor in interest.

7 d. The mortgage loan is evidenced by a bond or promis-
8 sory note and a mortgage which has been properly recorded
9 with the appropriate public official.

10 e. The mortgage constitutes a valid first lien on the
11 real property described to the authority subject only to real
12 property taxes not yet due, installments of assessments not
13 yet due, and easements and restrictions of record which do
14 not adversely affect, to a material degree, the use or value
15 of the real property or improvements on it.

16 f. The mortgagor is not now in default in the payment
17 of any installment of principal or interest, escrow funds,
18 real property taxes or otherwise in the performance of
19 obligations under the mortgage documents and has not to the
20 knowledge of the mortgage lender been in default in the
21 performance of any obligation under the mortgage for a period
22 of longer than sixty days during the life of the mortgage.

23 g. The improvements to the mortgaged real property are
24 covered by a valid and subsisting policy of insurance issued
25 by a company authorized to issue such policies in this state
26 and providing fire and extended coverage in amounts as the
27 authority prescribes by rule.

28 h. The mortgage loan meets the prevailing investment
29 quality standards for mortgage loans in this state.

30 6. A mortgage lender is liable to the authority for damages
31 suffered by the authority by reason of the untruth of a
32 representation or the breach of a warranty and, in the event
33 that a representation proves to be untrue when made or in
34 the event of a breach of warranty, the mortgage lender shall,
35 at the option of the authority, repurchase the mortgage loan

1 for the original purchase price adjusted for amounts
2 subsequently paid on it, as the authority determines.

3 7. The authority shall require the recording of an
4 assignment of a mortgage loan purchased by it from a mortgage
5 lender and shall not be required to notify the mortgagor of
6 its purchase of the mortgage loan. The authority shall not
7 be required to inspect or take possession of the mortgage
8 documents if the mortgage lender from which the mortgage loan
9 is purchased by the authority enters into a contract to service
10 the mortgage loan and account to the authority for it.

11 8. If a provision of this section is inconsistent with
12 another provision of law of this state governing mortgage
13 lenders, the provision of this section controls for the
14 purposes of this section.

15 Sec. 22. NEW SECTION. RULES--LOANS TO MORTGAGE LENDERS
16 AND PURCHASE OF MORTGAGE LOANS. The rules of the authority
17 relating to the making of loans to mortgage lenders or the
18 purchase of mortgage loans shall provide at least for the
19 following:

20 1. Procedures for the submission by mortgage lenders to
21 the authority of requests for loans and offers to sell mortgage
22 loans.

23 2. Standards for allocating bond proceeds among mortgage
24 lenders requesting loans from, or offering to sell mortgage
25 loans to, the authority.

26 3. Standards for determining the principal amount to be
27 loaned to each mortgage lender and the interest rate on each
28 loan.

29 4. Standards for determining the aggregate principal
30 amount of mortgage loans to be purchased from each mortgage
31 lender and the purchase price.

32 5. Qualifications or characteristics of housing and the
33 purchasers to be financed by new mortgage loans made in
34 satisfaction of the requirements of section twenty (20),
35 subsection two (2) or section twenty-one (21), subsection

1 two (2) of this Act.

2 6. Restrictions as to the interest rates to be allowed
3 on new mortgage loans and the return to be realized by mortgage
4 lenders.

5 7. Requirements as to commitments and disbursements by
6 mortgage lenders with respect to new mortgage loans.

7 8. Schedules of fees and charges to be imposed by the
8 authority.

9 9. Requirements for provisions that prohibit mortgage
10 loans made under this program from being assumed without
11 permission of the mortgagee.

12 Sec. 23. NEW SECTION. POWERS RELATING TO LOANS. Subject
13 to any agreement with bondholders or noteholders, the authority
14 may renegotiate a mortgage loan or a loan to a mortgage lender
15 in default, waive a default or consent to the modification
16 of the terms of a mortgage loan or a loan to a mortgage lender,
17 forgive or forbear all or part of a mortgage loan or a loan
18 to a mortgage lender, and commence, prosecute and enforce
19 a judgment in any action, including but not limited to a
20 foreclosure action, to protect or enforce any right conferred
21 upon it by law, mortgage loan agreement, contract or other
22 agreement, and in connection with any such action, bid for
23 and purchase the property or acquire or take possession of
24 it, complete, administer, pay the principal of and interest
25 on any obligations incurred in connection with the property
26 and dispose of and otherwise deal with the property in a
27 manner as the authority deems advisable to protect its
28 interests.

29 Sec. 24. NEW SECTION. CERTIFICATION OF AMORTIZATION
30 PERIODS. Before the authority provides money, either directly
31 or indirectly, for any mortgage loan, it must obtain the
32 certificate of a competent appraiser to the effect that the
33 economic lifespan of the property on which the mortgage loan
34 is to be made is in excess of the period of amortization of
35 the mortgage loan.

1 Sec. 25. NEW SECTION. PLANNING, ZONING AND BUILDING LAWS.
2 All housing provided or assisted by the authority is subject
3 to any applicable master plan, official map, zoning regulation,
4 building code, housing code and any other law or regulation
5 governing land use, pollution control, environmental quality,
6 planning or construction, for the area in which the housing
7 is to be located.

8 Sec. 26. NEW SECTION. BONDS AND NOTES.

9 1. The authority may issue its negotiable bonds and notes
10 in principal amounts as, in the opinion of the authority,
11 are necessary to provide sufficient funds for achievement
12 of its corporate purposes, the payment of interest on its
13 bonds and notes, the establishment of reserves to secure its
14 bonds and notes, and all other expenditures of the authority
15 incident to and necessary or convenient to carry out its
16 purposes and powers. The bonds and notes shall be deemed
17 to be investment securities and negotiable instruments within
18 the meaning of and for all purposes of the uniform commercial
19 code.

20 2. Bonds and notes issued by the authority are payable
21 solely and only out of the moneys, assets, or revenues of
22 the authority, and as provided in the agreement with
23 bondholders or noteholders pledging any particular moneys,
24 assets or revenues. Bonds or notes are not an obligation
25 of this state or any political subdivision of this state other
26 than the authority within the meaning of any constitutional
27 or statutory debt limitations, but are special obligations
28 of the authority payable solely and only from the sources
29 provided in this Act, and the authority may not pledge the
30 credit or taxing power of this state or any political
31 subdivision of this state other than the authority, or make
32 its debts payable out of any moneys except those of the
33 authority.

34 3. The maximum amount of bonds and notes issued by the
35 authority which may be outstanding at any time shall be

1 set by statute. Bonds and notes must be authorized by a
2 resolution
3 of the authority. However, a resolution authorizing the
4 issuance of bonds or notes may delegate to an officer of the
5 authority the power to negotiate and fix the details of an
6 issue of bonds or notes by an appropriate certificate of the
7 authorized officer.

8 4. Bonds shall:

9 a. State the date and series of the issue, be consecutively
10 numbered, and state on their face that they are payable both
11 as to principal and interest solely out of the assets of the
12 authority and do not constitute an indebtedness of this state
13 or any political subdivision of this state other than the
14 authority within the meaning of any constitutional or statutory
15 debt limit.

16 b. Be either registered, registered as to principal only,
17 or in coupon form, issued in denominations as the authority
18 prescribes, fully negotiable instruments under the laws of
19 this state, signed on behalf of the authority with the manual
20 or facsimile signature of the chairman or vice chairman,
21 attested by the manual or facsimile signature of the secretary,
22 have impressed or imprinted thereon the seal of the authority
23 or a facsimile of it, and the coupons attached shall be signed
24 with the facsimile signature of the chairman or vice chairman,
25 be payable as to interest at rates and at times as the
26 authority determines, be payable as to principal at times
27 over a period not to exceed fifty years from the date of
28 issuance, at places, and with reserved rights of prior
29 redemption, as the authority prescribes, be sold at prices,
30 at public or private
31 sale, and in a manner as the authority prescribes, and the
32 authority may pay all expenses, premiums and commissions which
33 it deems necessary or advantageous in connection with the
34 issuance and sale, and be issued under and subject to the
35 terms, conditions and covenants providing for the payment

1 of the principal, redemption premiums, if any, interest and
2 other terms, conditions, covenants and protective provisions
3 safeguarding payment, not inconsistent with this Act, as are
4 found to be necessary by the authority for the most
5 advantageous sale, which may include, but are not limited
6 to, covenants with the holders of the bonds as to:

7 (1) Pledging or creating a lien, to the extent provided
8 by the resolution, on moneys or property of the authority
9 or moneys held in trust or otherwise by others to secure the
10 payment of the bonds.

11 (2) Providing for the custody, collection, securing,
12 investment and payment of any moneys of or due to the
13 authority.

14 (3) The setting aside of reserves or sinking funds and
15 the regulation or disposition of them.

16 (4) Limitations on the purpose to which the proceeds of
17 sale of an issue of bonds then or thereafter to be issued
18 may be applied.

19 (5) Limitations on the issuance of additional bonds and
20 on the refunding of outstanding or other bonds.

21 (6) The procedure by which the terms of a contract with
22 the holders of bonds may be amended or abrogated, the amount
23 of bonds the holders of which must consent thereto and the
24 manner in which consent may be given.

25 (7) The creation of special funds into which moneys of
26 the authority may be deposited.

27 (8) Vesting in a trustee properties, rights, powers and
28 duties in trust as the authority determines, which may include
29 the rights, powers and duties of the trustee appointed for
30 the holders of any issue of bonds pursuant to section twenty-
31 eight (28) of this Act, in which event the provisions of that
32 section authorizing appointment of a trustee by the holders
33 of bonds shall not apply, or limiting or abrogating the right
34 of the holders of bonds to appoint a trustee under that
35 section, or limiting the rights, duties and powers of the

1 trustee.

2 (9) Defining the acts or omissions which constitute a
3 default in the obligations and duties of the authority and
4 providing for the rights and remedies of the holders of bonds
5 in the event of a default. However, rights and remedies shall
6 be consistent with the laws of this state and other provisions
7 of this Act.

8 (10) Any other matters which affect the security and
9 protection of the bonds and the rights of the holders.

10 5. The authority may issue its bonds for the purpose of
11 refunding any bonds or notes of the authority then outstanding,
12 including the payment of any redemption premiums thereon and
13 any interest accrued or to accrue to the date of redemption
14 of the outstanding bonds or notes. Until the proceeds of
15 bonds issued for the purpose of refunding outstanding bonds
16 or notes are applied to the purchase or retirement of
17 outstanding bonds or notes or the redemption of outstanding
18 bonds or notes, the proceeds may be placed in escrow and be
19 invested and reinvested in accordance with the provisions
20 of this Act. The interest, income and profits earned or
21 realized on an investment may also be applied to the payment
22 of the outstanding bonds or notes to be refunded by purchase,
23 retirement or redemption. After the terms of the escrow have
24 been fully satisfied and carried out, any balance of proceeds
25 and interest earned or realized on the investments may be
26 returned to the authority for use by it in any lawful manner.
27 All refunding bonds shall be issued and secured and subject
28 to the provisions of this Act in the same manner and to the
29 same extent as other bonds issued pursuant to this Act.

30 6. The authority may issue negotiable bond anticipation
31 notes and may renew them from time to time but the maximum
32 maturity of the notes, including renewals, shall not exceed
33 ten years from the date of issue of the original notes. Notes
34 are payable from any available moneys of the authority not
35 otherwise pledged, or from the proceeds of the sale of bonds

1 of the authority in anticipation of which the notes were
2 issued. Notes may be issued for any corporate purpose of
3 the authority. Notes shall be issued in the same manner as
4 bonds, and notes and the resolution authorizing them may
5 contain any provisions, conditions or limitations, not
6 inconsistent with the provisions of this subsection, which
7 the bonds or a bond resolution of the authority may contain.
8 Notes may be sold at public or private sale. In case of
9 default on its notes or violation of any obligations of the
10 authority to the noteholders, the noteholders shall have all
11 the remedies provided in this Act for bondholders. Notes
12 shall be as fully negotiable as bonds of the authority.

13 7. A copy of each pledge agreement by or to the
14 authority, including without limitation each bond resolution,
15 indenture of trust or similar agreement, or any revisions or
16 supplements to it shall
17 be filed with the secretary of state and no further filing
18 or other action under section five hundred fifty-four point
19 nine thousand one hundred one (554.9101) through five hundred
20 fifty-four point nine thousand five hundred seven (554.9507)
21 of the Code, article nine (9) of the uniform commercial code,
22 or any other law of the state shall be required to perfect
23 the security interest in the collateral or
24 any additions to it or substitutions for it, and the lien
25 and trust so created shall
26 be binding from and after the time made against all parties
27 having claims of any kind in tort, contract, or otherwise
28 against the pledgor.

29 8. Neither the members of the authority nor any person
30 executing its bonds, notes or other obligations shall be
31 liable personally on the bonds, notes, or other obligations
32 or be subject to any personal liability or accountability by
33 reason of the issuance of the authority's bonds or notes.

34 Sec. 27. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

35 1. The authority may create and establish one or more

1 special funds, to be known as "bond reserve funds", and shall
2 pay into each bond reserve fund any moneys appropriated and
3 made available by the state for the purpose of the fund, any
4 proceeds of sale of notes or bonds to the extent provided
5 in the resolutions of the authority authorizing their issuance,
6 and any other moneys which may be available to the authority
7 for the purpose of the fund from any other sources. All
8 moneys held in a bond reserve fund, except as otherwise
9 provided in this Act, shall be used as required solely for
10 the payment of the principal of bonds secured in whole or
11 in part by the fund or of the sinking fund payments with
12 respect to the bonds, the purchase or redemption of the bonds,
13 the payment of interest on the bonds or the payments of any
14 redemption premium required to be paid when the bonds are
15 redeemed prior to maturity.

16 2. Moneys in a bond reserve fund shall not be withdrawn
17 from it at any time in an amount that will reduce the amount
18 of the fund to less than the bond reserve fund requirement
19 established for the fund, as provided in this section, except
20 for the purpose of making, with respect to bonds secured in
21 whole or in part by the fund, payment when due of principal,
22 interest, redemption premiums and the sinking fund payments
23 with respect to the bonds for the payment of which other
24 moneys of the authority are not available. Any income or
25 interest earned by, or incremental to, a bond reserve fund
26 due to the investment of it may be transferred by the authority
27 to other funds or accounts of the authority to the extent
28 the transfer does not reduce the amount of that bond reserve
29 fund below the bond reserve fund requirement for it.

30 3. The authority shall not at any time issue bonds, secured
31 in whole or in part by a bond reserve fund if, upon the
32 issuance of the bonds, the amount in the bond reserve fund
33 will be less than the bond reserve fund requirement for the
34 fund, unless the authority at the time of issuance of the
35 bonds deposits in the fund from the proceeds of the bonds

1 issued or from other sources an amount which, together with
2 the amount then in the fund will not be less than the bond
3 reserve fund requirement for the fund. For the purposes of
4 this section, the term "bond reserve fund requirement" means,
5 as of any particular date of computation, an amount of money,
6 as provided in the resolutions of the authority authorizing
7 the bonds with respect to which the fund is established, equal
8 to not more than ten percent of the outstanding principal
9 amount of bonds of the authority secured in whole or in part
10 by the fund.

11 4. To assure the continued operation and solvency of the
12 authority for the carrying out of its corporate purposes,
13 provision is made in subsection one (1) of this section for
14 the accumulation in each bond reserve fund of an amount equal
15 to the bond reserve fund requirement for the fund. In order
16 further to assure maintenance of the bond reserve funds, the
17 chairman of the authority shall, on or before July first of
18 each calendar year, make and deliver to the governor his
19 certificate stating the sum, if any, required to restore each
20 bond reserve fund to the bond reserve fund requirement for
21 that fund. Within thirty days after the beginning of the
22 session of the general assembly next following the delivery
23 of the certificate, the governor may submit to both houses
24 printed copies of a budget including the sum, if any, required
25 to restore each bond reserve fund to the bond reserve fund
26 requirement for that fund. Any sums appropriated by the
27 general assembly and paid to the authority pursuant to this
28 section shall be deposited by the authority in the applicable
29 bond reserve fund.

30 5. All amounts paid over to the authority by the state
31 pursuant to the provisions of this section shall constitute
32 and be accounted for as advances by the state to the authority
33 and, subject to the rights of the holders of any bonds or
34 notes of the authority theretofore or thereafter issued, shall
35 be repaid to the state without interest from all available

1 operating revenues of the authority in excess of amounts
2 required for the payment of bonds, notes or obligations of
3 the authority, the bond reserve fund and operating expenses.

4 Sec. 28. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTE-
5 HOLDERS.

6 1. If the authority defaults in the payment of principal
7 or interest on an issue of bonds or notes after they become
8 due, whether at maturity or upon call for redemption, and
9 the default continues for a period of thirty days, or if the
10 authority fails or refuses to comply with the provisions of
11 this Act, or defaults in an agreement made with the holders
12 of an issue of bonds or notes, the holders of twenty-five
13 percent in aggregate principal amount of bonds or notes of
14 the issue then outstanding, by instrument filed in the office
15 of the clerk of the county in which the principal office of
16 the authority is located, and proved or acknowledged in the
17 same manner as a deed to be recorded, may appoint a trustee
18 to represent the holders of the bonds or notes for the purposes
19 provided in this section.

20 2. The authority or any trustee appointed under the
21 indenture under which the bonds are issued may, and upon
22 written request of the holders of twenty-five percent in
23 aggregate principal amount of the issue of bonds or notes
24 then outstanding shall:

25 a. Enforce all rights of the bondholders or noteholders,
26 including the right to require the authority to carry out
27 its agreements with the holders and to perform its duties
28 under this Act.

29 b. Bring suit upon the bonds or notes.

30 c. By action require the authority to account as if it
31 were the trustee of an express trust for the holders.

32 d. By action enjoin any acts or things which are unlawful
33 or in violation of the rights of the holders.

34 e. Declare all the bonds or notes due and payable and
35 if all defaults are made good then with the consent of the

1 holders of twenty-five percent of the aggregate principal
2 amount of the issue of bonds or notes then outstanding, annul
3 the declaration and its consequences.

4 3. The trustee shall also have and possess all powers
5 necessary or appropriate for the exercise of functions
6 specifically set forth or incident to the general representa-
7 tion of bondholders or noteholders in the enforcement and
8 protection of their rights.

9 4. Before declaring the principal of bonds or notes due
10 and payable, the trustee shall first give thirty days notice
11 in writing to the governor, to the authority and to the
12 attorney general of the state.

13 5. The district court has jurisdiction of any action by
14 the trustee on behalf of bondholders or noteholders. The
15 venue of the action shall be in the county in which the
16 principal office of the authority is located.

17 Sec. 29. NEW SECTION. AGREEMENT OF THE STATE. The state
18 of Iowa pledges to and agrees with the holders of any bonds
19 or notes issued under this Act that the state will not limit
20 or alter the rights vested in the authority to fulfill the
21 terms of agreements made with the holders or in any way impair
22 the rights and remedies of the holders until the bonds or
23 notes together with the interest on them, plus interest on
24 unpaid installments of interest, and all costs and expenses
25 in connection with an action by or on behalf of the holders,
26 are fully met and discharged. The authority may include this
27 pledge and agreement of the state of Iowa in any agreement
28 with the holders of bonds or notes.

29 Sec. 30. NEW SECTION. BONDS AND NOTES AS LEGAL INVEST-
30 MENTS. Bonds and notes of the authority are securities in
31 which public officers, state departments and agencies,
32 political subdivisions, insurance companies, and other persons
33 carrying on an insurance business, banks, trust companies,
34 savings and loan associations, investment companies and other
35 persons carrying on a banking business, administrators,

1 executors, guardians, conservators, trustees and other
2 fiduciaries, and other persons authorized to invest in bonds
3 or other obligations of this state, may properly and legally
4 invest funds including capital in their control or belonging
5 to them. The bonds and notes are also securities which may
6 be deposited with and may be received by public officers,
7 state departments and agencies, and political subdivisions,
8 for any purpose for which the deposit of bonds or other
9 obligations of this state is authorized.

10 Sec. 31. NEW SECTION. MONEYS OF THE AUTHORITY.

11 1. Moneys of the authority from whatever source derived,
12 except as otherwise provided in this Act, shall be paid to
13 the authority and shall be deposited in a bank or other
14 financial institution designated by the authority. The moneys
15 shall be withdrawn on the order of the person authorized by
16 the authority. Deposits shall, if required by the authority,
17 be secured in the manner determined by the authority. The
18 auditor of state and his legally authorized representatives
19 may periodically examine the accounts and books of the
20 authority, including its receipts, disbursements, contracts,
21 leases, sinking funds, investments and any other records and
22 papers relating to its financial standing, and the authority
23 shall not be required to pay a fee for the examination.

24 2. The authority may contract with holders of its bonds
25 or notes as to the custody, collection, security, investment,
26 and payment of moneys of the authority, of moneys held in
27 trust or otherwise for the payment of bonds or notes, and
28 to carry out the contract. Moneys held in trust or otherwise
29 for the payment of bonds or notes or in any way to secure
30 bonds or notes and deposits of the moneys may be secured in
31 the same manner as moneys of the authority, and banks and
32 trust companies may give security for the deposits.

33 3. Subject to the provisions of any contract with bond-
34 holders or noteholders and to the approval of the state
35 comptroller, the authority shall prescribe a system of

1 accounts.

2 4. The authority shall submit to the governor, the auditor
3 of state, and the state comptroller, within thirty days of
4 its receipt by the authority, a copy of the report of every
5 external examination of the books and accounts of the authority
6 other than copies of the reports of examinations made by the
7 auditor of state.

8 Sec. 32. NEW SECTION. LIMITATION OF LIABILITY. Neither
9 the members of the authority, nor persons acting in its behalf,
10 while acting within the scope of their employment or agency,
11 are subject to personal liability resulting from carrying
12 out the powers and duties given in this Act.

13 Sec. 33. NEW SECTION. ASSISTANCE BY STATE OFFICERS,
14 AGENCIES AND DEPARTMENTS.

15 1. State officers and state departments and agencies may
16 render services to the authority within their respective
17 functions as requested by the authority.

18 Sec. 34. NEW SECTION. LIBERAL INTERPRETATION. This Act,
19 being necessary for the welfare of this state and its
20 inhabitants, shall be liberally construed to effect its
21 purposes.

22 Sec. 35. NEW SECTION. CONFLICTS OF INTEREST.

23 1. If a member, officer or employee of the authority has
24 an interest, either direct or indirect, in a contract to which
25 the authority is, or is to be, a party, or in a mortgage
26 lender requesting a loan from, or offering to sell mortgage
27 loans to, the authority, the interest shall be disclosed to
28 the authority in writing and shall be set forth in the minutes
29 of the authority. The member, officer or employee having
30 the interest shall not participate in action by the authority
31 with respect to that contract or mortgage lender.

32 2. Nothing in this section shall be deemed to limit the
33 right of a member, officer or employee of the authority to
34 acquire an interest in bonds or notes of the authority or
35 to have an interest in a bank or other financial institution

1 in which the funds of the authority are, or are to be,
2 deposited or which is, or is to be, acting as trustee or
3 paying agent under a trust indenture to which the authority
4 is a party.

5 Sec. 36. NEW SECTION. EXEMPTION FROM COMPETITIVE BID
6 LAWS. The authority and all contracts made by it in carrying
7 out its public and essential governmental functions under
8 sections twelve (12) through sixteen (16), eighteen (18),
9 twenty (20) and twenty-one (21) of this Act, shall be
10 exempt from the provisions and requirements of all laws of
11 the state which provide for competitive bids in connection
12 with such contracts.

13 Sec. 37. Section twelve point ten (12.10), Code 1975,
14 is amended to read as follows:

15 12.10 DEPOSITS BY STATE OFFICERS. All elective and
16 appointive state officers, boards, commissions, and depart-
17 ments, except the state fair board, the state board of regents,
18 Iowa state commerce commission, and the commissioner of the
19 department of social services, shall, within ten days
20 succeeding the collection thereof, deposit, with the treasurer
21 of state, or to the credit of said treasurer in any depository
22 by him designated, ninety percent of all fees, commissions,
23 and moneys collected or received; the balance actually
24 collected in cash, remaining in the hands of any officer,
25 board, or department shall not exceed the sum of five thousand
26 dollars and no money collected shall be held more than thirty
27 days. This section does not apply to the Iowa housing finance
28 authority.

29 Sec. 38. Section three hundred sixty-four point seven
30 (364.7), subsection three (3), Code 1975, is amended to read
31 as follows:

32 3. A city may not dispose of real property by gift except
33 to a governmental body for a public purpose. However, a city
34 may dispose of real property for use in an Iowa homesteading
35 program under section fourteen (14) of this Act for a nominal

1 consideration, including but not limited to property in an
2 urban renewal area.

3 Sec. 39. Section four hundred three A point three (403A.3),
4 Code 1975, is amended by adding the following new subsection:

5 NEW SUBSECTION. To cooperate with the Iowa housing finance
6 authority, to participate in any of its programs, to use any
7 of the funds available to the municipality for the uses of
8 this chapter to contribute to such programs in which it
9 participates, and to comply with the provisions of sections
10 one (1) through thirty- six (36) of this Act and the rules
11 of the Iowa housing finance authority promulgated thereunder.

12 Sec. 40. Chapter four hundred forty-six (446), Code 1975,
13 is amended by adding the following new section:

14 NEW SECTION. A city or county, a city or county agency
15 as authorized by the Iowa housing finance authority, or the
16 Iowa housing finance authority may file with the treasurer
17 a verified statement that a parcel of property to be sold
18 at tax sale is abandoned and deteriorating in condition, or
19 is inhabited but is not safe for human habitation, or is or
20 is likely to become a public nuisance, and that the property
21 is suitable for use and is to be used in an Iowa homesteading
22 project under section fourteen (14) of this Act. Other
23 information may be included. Upon proper filing of the
24 statement, and if the property is offered at any tax sale
25 and no bid is received, or if the bid received is less than
26 the total amount of the delinquent general taxes, interest,
27 penalties and costs, or if the property is to be transferred
28 to the county under section four hundred forty-six point
29 thirty-eight (446.38) of the Code, the city, county, city
30 or county agency, or Iowa housing finance authority may bid
31 for the property for use in an Iowa homesteading project,
32 bidding a sum equal to the total amount of all delinquent
33 general taxes, interest, penalties and costs charged against
34 the property. Each of the tax-levying and tax-certifying
35 bodies having an interest in the taxes for which the property

1 is sold shall be charged with the full amount of all delinquent
2 taxes due to it, as its share of the purchase price.

3 Sec. 41. Section four hundred forty-six point seven
4 (446.7), unnumbered paragraph two (2), Code 1975, is amended
5 to read as follows:

6 Property of municipal and political subdivisions of the
7 state of Iowa and property held by a city or county agency
8 or the Iowa housing finance authority for use in an Iowa
9 homesteading project, shall not be offered or sold at tax
10 sale and any purported tax sale thereof shall be void from
11 its inception. Whenever delinquent taxes are owing against
12 property owned or claimed by any municipal or political
13 subdivision of the state of Iowa, or property held by a city
14 or county agency or the Iowa housing finance authority for
15 use in an Iowa homesteading project, the treasurer shall give
16 notice to the governing body thereof which shall then pay
17 the amount of the due and delinquent taxes from its general
18 fund. In the event such governing body fails to make payment
19 upon such notice, the collection and enforcement of the taxes,
20 penalty, interest and costs shall be suspended for so long
21 as the property shall remain in public ownership, and for
22 so long as the property is the subject of a conditional
23 conveyance under an Iowa homesteading project, but the same
24 may be collected and enforced against the property in the
25 event of its subsequent sale by such municipal or political
26 subdivision, agency, or authority, to a private purchaser.
27 However, such taxes, penalty, interest and costs shall be
28 canceled if the property is the subject of an absolute
29 conveyance of the fee to a holder of the conditional conveyance
30 granted under an Iowa homesteading project. No penalty,
31 interest or costs shall be added during such period of public
32 ownership or while the property is the subject of a conditional
33 conveyance under an Iowa homesteading project.

34 Sec. 42. Section four hundred forty-seven point nine
35 (447.9), Code 1975, is amended to read as follows:

1 447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION. After
2 two years and nine months from the date of sale, or after
3 nine months from the date of a sale made under the provisions
4 of section 446.18 or , section 446.38, or section forty
5 (40) of this Act, the holder of the certificate of purchase
6 may cause to be served upon the person in possession of such
7 real estate, and also upon the person in whose name the same
8 is taxed, if such person resides in the county where the land
9 is situated, in the manner provided for the service of original
10 notices, a notice signed by him, his agent, or attorney,
11 stating the date of sale, the description of the property
12 sold, the name of the purchaser, and that the right of
13 redemption will expire and a deed for the land be made unless
14 redemption is made within ninety days from the completed
15 service thereof. When said notice is given by a county as
16 a holder of a certificate of purchase the notice shall be
17 signed by the county auditor, and when given by a city, it
18 shall be signed by the city officer designated by resolution
19 of the council. When the notice is given by the Iowa housing
20 finance authority or a city or county agency holding the
21 property as part of an Iowa homesteading project, it shall
22 be signed on behalf of the agency or authority by one of its
23 officers, as authorized in rules of the agency or authority.
24 Service of such notice shall also be made by certified mail
25 on any mortgagee, or his assignee, of record, whether resident
26 or nonresident of the county, if his address is disclosed
27 by the recorded instrument or by a certificate showing the
28 address of the mortgagee or assignee duly filed with the
29 recorder, or the state of Iowa in case of an old-age assistance
30 lien by service upon the state department of social services.
31 Such notice shall also be served on any city where such real
32 estate is situated.

33 Sec. 43. Section four hundred forty-seven point twelve
34 (447.12), Code 1975, is amended to read as follows:

35 447.12 WHEN SERVICE DEEMED COMPLETE--PRESUMPTION. Service

1 shall be complete only after an affidavit has been filed with
2 the treasurer, showing the making of the service, the manner
3 thereof, the time when and place where made, and under whose
4 direction the same was made; such affidavit to be made by
5 the holder of the certificate or by his agent or attorney,
6 and in either of the latter cases stating that such affiant
7 is the agent or attorney, as the case may be, of the holder
8 of such certificate; which affidavit shall be filed by the
9 treasurer and entered upon the sale book opposite the entry
10 of the sale, and said record or affidavit shall be presumptive
11 evidence of the completed service of said notice, and the
12 right of redemption shall not expire until ninety days after
13 service is complete. When the property is held by a city
14 or county, a city or county agency, or the Iowa housing finance
15 authority, for use in an Iowa homesteading project, whether
16 or not the property is the subject of a conditional conveyance
17 granted under the project, the affidavit shall be made by
18 the county auditor of the county, a city officer designated
19 by resolution of the council, or on behalf of the agency or
20 authority, by one of its officers as authorized in rules of
21 the agency or authority.

22 Sec. 44. Section four hundred forty-seven point thirteen
23 (447.13), Code 1975, is amended to read as follows:

24 447.13 COST--FEE--REPORT. The cost of serving the notice
25 and affidavit of publication shall be added to the amount
26 necessary to redeem. The fee for serving the notice shall
27 be the same as for service of an original notice, including
28 copy fee and mileage. The treasurer shall, upon the filing
29 of proof of service and statement of costs, forthwith report
30 the same in writing to the auditor, who shall enter it on
31 the sale book against the proper tract of real estate. The
32 holder of the certificate of sale or his agent may report
33 in writing to the county auditor the amount of costs incurred
34 in giving such notice, and the auditor shall enter the same
35 in the sale book. No redemption shall be complete until such

1 costs are paid. If the property is held by a city or county,
2 a city or county agency, or the Iowa housing finance authority,
3 for use in an Iowa homesteading project, whether or not the
4 property is the subject of a conditional conveyance granted
5 under the project, the costs incurred for repairs and
6 rehabilitation work required and undertaken in order to make
7 the property meet applicable building or housing code standards
8 shall be added to the amount necessary to redeem, and no
9 redemption shall be complete until such costs are paid.

10 Sec. 45. Chapter four hundred seventy-two (472), Code
11 1975, is amended by adding the following new section:

12 NEW SECTION. PROCEDURE FOR HOMESTEADING PROJECTS. If
13 the purpose of condemnation is to obtain property for use
14 as part of an Iowa homesteading project under section fourteen
15 (14) of this Act, the application required under section four
16 hundred seventy-two point three (472.3) of the Code may contain
17 a verified statement that the property sought to be condemned
18 is abandoned and deteriorating in condition, or is inhabited
19 but is not safe for human habitation, or is or is likely to
20 become a public nuisance, and that the property is suitable
21 for use and is to be used in an Iowa homesteading project.
22 Other information may be included. The statement must be
23 verified by the Iowa housing finance authority or by a local
24 agency authorized under rules of the authority. Upon proper
25 filing of the statement and the report of the condemnation
26 commission assessing damages, and deposit of the amount
27 assessed with the sheriff, the applicant for condemnation
28 may take possession as provided in section four hundred
29 seventy-two point twenty-five (472.25) of the Code if the
30 property is abandoned, or may take steps to obtain possession
31 after ninety days from the date of the filing of the statement,
32 report, and deposit, if the property is inhabited.

33 Sec. 46. Section five hundred twenty-four point nine
34 hundred five (524.905), subsection six (6), is amended by
35 adding the following new paragraph:

1 NEW PARAGRAPH. Loans made to families of low or moderate
2 income as a part of programs authorized in sections one (1)
3 through thirty- six (36) of this Act and approved by the
4 Iowa housing finance authority.

5 Sec. 47. Section five hundred thirty-three point sixteen
6 (533.16), unnumbered paragraph two (2), Code 1975, is amended
7 to read as follows:

8 The foregoing restrictions or limitations shall not prevent
9 the renewal or extension of loans and shall not apply to loans
10 which are secured under the provisions of the national housing
11 Act, as amended, or to loans made to families of low or
12 moderate income as a part of programs authorized in sections
13 one (1) through thirty- six (36) of this Act and approved
14 by the Iowa housing finance authority.

15 Sec. 48. Section five hundred thirty-four point twenty-
16 one (534.21), subsection one (1), Code 1975, is amended to
17 read as follows:

18 1. LOAN PLANS. Real estate loans may be made as authorized
19 by this chapter, or upon any other loan plan approved by the
20 supervisor. No real estate loan shall be made until two
21 qualified persons or one professional appraiser selected by
22 the board of directors shall have submitted a signed appraisal
23 of the real estate securing such loan. If it is an uninsured
24 mortgage no such loan shall be made to exceed ninety percent
25 of said appraised value. Any loans insured by the federal
26 housing administration or which are guaranteed by the
27 Servicemen's Readjustment Act of 1944 (58 Stat. L. 291;
28 repealed; now covered by 37 U.S.C. subsection 1801 to 1824
29 inc.), as amended, or which are guaranteed or insured, in
30 whole or in part, by any other duly constituted federal
31 instrumentality or private corporation approved by the federal
32 home loan bank or the supervisor which qualify for such
33 insurance or guarantee, or loans made to families of low or
34 moderate income as a part of programs authorized in sections
35 one (1) through thirty- six (36) of this Act and approved

1 by the Iowa housing finance authority, may be made regardless
2 of the requirements for other loans otherwise contained in
3 this section.

4 Payments on real estate loans shall be applied first to
5 the payment of interest of the unpaid balance of the loan
6 and the remainder to the reduction of principal; provided
7 that if the loan is in default in any manner, payments may
8 be applied by the mortgagee in any manner approved by the
9 association and provided by the contract between the parties.

10 If agreed in writing by written instrument separate from
11 the note and mortgage at any time after execution of the note
12 and mortgage, any prepayment of an installment may be applied
13 on the final installment of the note or other obligation until
14 fully paid, and thereafter on the installments in the inverse
15 order of their maturity.

16 Sec. 49. Section five hundred sixty-nine point eight
17 (569.8), Code 1975, is amended to read as follows:

18 569.8 TITLE UNDER TAX DEED--SALE--APPORTIONMENT OF
19 PROCEEDS. When the county acquires title to real estate by
20 virtue of a tax deed such real estate shall be controlled,
21 managed, and sold by the board of supervisors as provided
22 in this chapter, except that any sale thereof shall be for
23 a sum not less than the total amount stated in the tax sale
24 certificate including all endorsements of subsequent general
25 taxes, interests, and costs, without the written approval
26 of the tax-levying and tax-certifying bodies having a majority
27 interest in said general taxes. However, where the total
28 amount stated in the tax sale certificate including all
29 endorsements of subsequent general taxes, interests, and costs
30 does not exceed two hundred fifty dollars, such real estate
31 may be sold by the board of supervisors without the written
32 approval of any of the tax-levying and tax-certifying bodies
33 having any interest in said general taxes. All money received
34 from said real estate either as rent or as proceeds from the
35 sale thereof shall, after payment of any general taxes which

1 have accrued against said real estate since said tax sale
2 and after payment of insurance premiums on any buildings
3 located on said real estate and after expenditures made for
4 the actual and necessary repairs and upkeep of said real
5 estate, be apportioned to the tax-levying and certifying
6 bodies in proportion to their interests in the taxes for which
7 said real estate was sold. Real property sold under this
8 section shall be sold at a public auction and not by use of
9 sealed bids, but only after notice thereof has been published
10 once in a newspaper of general circulation in the county
11 wherein the property is located, stating the description of
12 the property to be sold and the date, place and time of such
13 sale, at least ten days, but not more than fifteen days prior
14 to the date of such sale. The restrictions on sale of real
15 property under this section do not apply when the property
16 is transferred by the board of supervisors to a city, a city
17 agency, or to the Iowa housing finance authority, for use
18 in an Iowa homesteading project under section fourteen (14)
19 of this Act.

20 EXPLANATION

21 This bill establishes an Iowa housing finance authority
22 consisting of nine members representing various housing
23 industry and consumer interests. The authority is authorized
24 to engage in various programs designed to increase the supply
25 of adequate housing for families of low or moderate income,
26 including persons who are elderly, handicapped or disabled.
27 It is also authorized to make loans for noninstitutional
28 health care facilities. However, the bill states that the
29 authority is to function through and in cooperation with local
30 agencies, with some type of local contribution, and provides
31 guidelines for the emphasis and preferences to be pursued
32 by the authority. The bill contains a requirement that 30%
33 of projects in a three-year period be for elderly, handicapped,
34 disabled, or very low-income families, which is defined by
35 the bill as being families whose incomes do not exceed 50%

1 of the median income for the area.

2 The authority is empowered to take part in the following
3 programs:

4 1. Mortgage loans for low or moderate income families,
5 elderly families, handicapped or disabled persons, and
6 noninstitutional residential care facilities.

7 2. Programs which encourage home ownership through lease-
8 purchase agreements, with the possibility of down-payment
9 grants.

10 3. Homesteading projects, designed to encourage home
11 ownership and rehabilitaton of deteriorating properties, with
12 a revolving fund to assist with rehabilitation costs.

13 4. Federal rent supplement programs under section 8 of
14 the 1974 Housing and Community Development Act.

15 5. Rural housing programs, assistance to state agencies,
16 and other programs under the same federal law.

17 6. State-local rent supplement programs.

18 7. An "emergency housing fund" which may be used to assist
19 with local contributions or to assist with emergency housing
20 in times of disaster.

21 8. A revolving fund entitled the "housing assistance fund"
22 with notes to be issued on it, to provide temporary loans
23 for the purpose of development costs and rehabilitation loans.

24 9. Loans to mortgage lenders, the proceeds to be used
25 for further loans to families of low or moderate income.

26 10. Purchase of mortgage loans, the purchase moneys to
27 be used for further loans to families of low or moderate
28 income.

29 The housing finance authority is entitled to issue tax-
30 exempt revenue bonds in order to finance its activities.

31 These bonds are not a debt of the state, but are secured by
32 reserve funds, pledges of specific properties or incomes to
33 the authority, and the "moral obligation" of the state to
34 maintain the reserve funds adequately. The authority is
35 empowered to handle and invest its own funds, and is required

1 to submit an annual report. The authority is exempted from
2 usury laws and competitive bidding laws.

3 Coordinating amendments authorize cities and counties to
4 transfer property without substantial consideration, for use
5 in a homesteading project, facilitate obtaining title to
6 property quickly under condemnation or tax sale procedures,
7 and authorize financial institutions to take part in programs
8 sponsored by the authority, without the ordinary limitations
9 for investment in real property. Municipalities and low-rent
10 housing agencies are also authorized to participate in
11 authority programs.

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1 Amend House File 823 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 3, line 5, insert after the word "property"
4 the words "which includes completed housing".

5 2. Page 3, line 7, insert after the word "exceeds"
6 the words "by not less than ten years".

7 3. Page 3, line 11, by inserting after the word
8 "company," the words "any governmental agency,".

9 4. Page 5, by inserting after line 17, "i.
10 Average taxpayer".

11 5. Page 12, strike lines 3 through 11 and insert
12 in lieu thereof the following:

13 "Sec. 8. NEW SECTION. PERCENTAGE REQUIREMENT.
14 The goal of the authority shall be to assure that
15 fifty percent or more of the housing units provided
16 directly or indirectly by the authority in each
17 three-year period beginning July 1, 1975, but in
18 no case less than thirty percent of such units, are
19 units specially designed for and directed to elderly
20 families, families which include one or more persons
21 who are handicapped or disabled, or very low-income
22 families. Failure to meet this goal does not invali-
23 date any bonds, notes or other obligations of the
24 authority, but in case of noncompliance with this
25 requirement, the authority shall make a special
26 report to the governor and to the general assembly
27 as to the reasons for noncompliance, and the
28 authority shall not commit further funds for housing
29 units which do not help meet this goal, until the
30 goal is reached, other than to complete projects
31 already started."

32 6. Page 13, line 25, by striking the word
33 "building".

34 7. Page 14, strike lines 6 through 9 and insert
35 in lieu thereof the following:

36 "housing sponsor to execute assurances and
37 guarantees reasonably related to".

38 8. Page 16, line 18, insert after the word "or"
39 the words "a substantial portion of the property".

40 9. Page 23, line 17, by inserting after the
41 period the words "However, failure of the authority
42 to participate in the federal programs set out in
43 this section does not invalidate any bonds, notes
44 or other obligations of the authority."

45 10. Page 31, line 24, by inserting after the word
46 "make" the word "advance".

47 11. Page 32, line 7, by inserting after the word
48 "families" the words "or certify that mortgage
49 loans purchased are mortgage loans made to low or
50 moderate income families".

1 12. Page 32, line 7, by inserting after the word
2 "loans" the words "to be made by mortgage lenders".

3 13. Page 32, line 8, by inserting after the
4 period the words "The authority may make a commitment
5 to purchase mortgage loans from mortgage lenders in
6 advance of the time such loans are made by mortgage
7 lenders. The authority shall require as a condition
8 of such commitment that mortgage lenders certify in
9 writing that all mortgage loans represented by the
10 commitment will be made to low or moderate income
11 families, and that other authority specifications
12 will be complied with."

13 14. Page 34, insert after line 10 the following
14 new subsection and renumber the remaining sub-
15 section:

16 "____. The authority may not commit more than
17 fifteen percent of its total bonding capacity as
18 authorized by law to mortgage purchases under
19 this section, except that this limit shall not
20 apply to the purchase of mortgages on newly con-
21 structed single or multiple dwellings."

22 15. Page 36, line 16, insert after the period
23 the words "However, the authority may not have a
24 total principal amount of bonds and notes outstanding
25 at any time in excess of one hundred million dollars."

26 16. Page 46, line 23, strike the word ", officer".

27 17. Page 46, line 23, insert after the word "em-
28 ployee" the words "other than the executive director".

29 18. Page 46, line 29, strike the word ", officer".

30 19. Page 46, insert after line 34 the words "to
31 limit the right of a member or employee other than
32 the executive director".

33 20. Page 47, insert after line 4 the following:

34 "3. The executive director shall not have an
35 interest in a bank or other financial institution
36 in which the funds of the authority are, or are to
37 be, deposited or which is, or is to be, acting as
38 trustee or paying agent under a trust indenture to
39 which the authority is a party. The executive
40 director shall not receive, in addition to fixed
41 salary or compensation, any money or valuable thing,
42 either directly or indirectly, or through any sub-
43 stantial interest in any other corporation or business
44 unit, for negotiating, procuring, recommending or
45 aiding in any purchase or sale of property, or loan,
46 made by the authority, nor shall the executive
47 director be pecuniarily interested, either as
48 principal, coprincipal, agent or beneficiary,
49 either directly or indirectly, or through any
50 substantial interest in any other corporation or

1 business unit, in any such purchase, sale or loan."

2 21. Page 54, by striking lines 18 through 35,
3 and page 55, by striking lines 1 through 19, and
4 inserting in lieu thereof as follows:

5 "569.8 TITLE UNDER TAX DEED--SALE--APPORTIONMENT
6 OF PROCEEDS. When the county acquires title to real
7 estate by virtue of a tax deed such real estate shall
8 be controlled, managed, and sold by the board of
9 supervisors as provided in this chapter, ~~except that~~
10 ~~any sale thereof shall be for a sum not less than~~
11 ~~the total amount stated in the tax sale certificate~~
12 ~~including all endorsements of subsequent general~~
13 ~~taxes, interests, and costs, without the written~~
14 ~~approval of the tax levying and tax certifying bodies~~
15 ~~having a majority interest in said general taxes.~~
16 ~~However, where the total amount stated in the tax~~
17 ~~sale certificate including all endorsements of~~
18 ~~subsequent general taxes, interests, and costs does~~
19 ~~not exceed two hundred fifty dollars, such real~~
20 ~~estate may be sold by the board of supervisors~~
21 ~~without the written approval of any of the tax~~
22 ~~levying and tax certifying bodies having any interest~~
23 ~~in said general taxes.~~ All money received from said
24 real estate either as rent or as proceeds from the
25 sale thereof shall, after payment of any general
26 taxes which have accrued against said real estate
27 since said tax sale and after payment of insurance
28 premiums on any buildings located on said real
29 estate and after expenditures made for the actual
30 and necessary repairs and upkeep of said real estate,
31 be apportioned to the tax levying and certifying
32 bodies in proportion to their interests in the taxes
33 for which said real estate was sold. Real property
34 sold under this section shall be sold at public
35 auction and not by use of sealed bids, but only after
36 notice thereof has been published ~~once~~ twice, on
37 different dates, in a newspaper or newspapers of
38 general circulation in the county wherein the
39 property is located, stating the description of the
40 property to be sold and the date, place and time of
41 such sale, ~~at least ten days, but~~ not more than
42 fifteen days prior to the date of such sale. The
43 board of supervisors may transfer title to real
44 estate acquired by virtue of a tax deed to a city,
45 a city agency, or to the Iowa housing finance
46 authority for use in an Iowa homesteading project
47 under section fourteen (14) of this Act and they need
48 not comply with the provisions of this section."

H-3991 FILED RECEIVED FROM THE SENATE
MAY 29, 1975

Home reserved 5/30/2051

S-3986

1 Amend House File 823, as amended, passed and
 2 reprinted by the House, page 54, by striking lines
 3 18 through 35, and Page 55, by striking lines 1
 4 through 19, and inserting in lieu thereof as follows:
 5 "569.8 TITLE UNDER TAX DEED--SALE--APPORTIONMENT
 6 OF PROCEEDS. When the county acquires title to real
 7 estate by virtue of a tax deed such real estate shall
 8 be controlled, managed, and sold by the board of
 9 supervisors as provided in this chapter, ~~except that~~
 10 ~~any sale thereof shall be for a sum not less than the~~
 11 ~~total amount stated in the tax sale certificate includ-~~
 12 ~~ing all endorsements of subsequent general taxes,~~
 13 ~~interests, and costs, without the written approval of~~
 14 ~~the tax levying and tax certifying bodies having a~~
 15 ~~majority interest in said general taxes. However,~~
 16 ~~where the total amount stated in the tax sale certif-~~
 17 ~~icate including all endorsements of subsequent general~~
 18 ~~taxes, interests, and costs does not exceed two hundred~~
 19 ~~fifty dollars, such real estate may be sold by the board~~
 20 ~~of supervisors without the written approval of any of the~~
 21 ~~tax levying and tax certifying bodies having any interest~~
 22 ~~in said general taxes.~~ All money received from said real
 23 estate either as rent or as proceeds from the sale there-
 24 of shall, after payment of any general taxes which have
 25 accrued against said real estate since said tax sale and
 26 after payment of insurance premiums on any buildings
 27 located on said real estate and after expenditures made
 28 for the actual and necessary repairs and upkeep of said
 29 real estate, be apportioned to the tax-levying and
 30 certifying bodies in proportion to their interests in
 31 the taxes for which said real estate was sold. Real
 32 property sold under this section shall be sold at
 33 public auction and not by use of sealed bids, but only
 34 after notice thereof has been published ~~once~~ twice, on
 35 different dates, in a newspaper or newspapers of general
 36 circulation in the county wherein the property is located,
 37 stating the description of the property to be sold and
 38 the date, place and time of such sale, ~~at least ten~~
 39 ~~days, but~~ not more than fifteen days prior to the date
 40 of such sale. The board of supervisors may transfer
 41 title to real estate acquired by virtue of a tax deed
 42 to a city, a city agency, or to the Iowa housing
 43 finance authority for use in an Iowa homesteading
 44 project under section fourteen (14) of this Act and
 45 they need not comply with the provisions of this
 46 section."

S-3986 FILED & ADOPTED (635) BY RICHARD R. RAMSEY

S-3975

1 Amend House File 823, as amended, passed, and
 2 reprinted by the House as follows:
 3 1. Page 12, strike lines 3 through 11 and insert
 4 in lieu thereof the following:
 5 "Sec. 8. NEW SECTION. PERCENTAGE REQUIREMENT.
 6 The goal of the authority shall be to assure that
 7 fifty percent or more of the housing units provided
 8 directly or indirectly by the authority in each
 9 three-year period beginning July 1, 1975, but in
 10 no case less than thirty percent of such units, are
 11 units specially designed for and directed to elder-
 12 ly families, families which include one or more
 13 persons who are handicapped or disabled, or very
 14 low-income families. Failure to meet this goal
 15 does not invalidate any bonds, notes or other
 16 obligations of the authority, but in case of non-
 17 compliance with this requirement, the authority
 18 shall make a special report to the governor and to
 19 the general assembly as to the reasons for non-
 20 compliance, and the authority shall not commit
 21 further funds for housing units which do not help
 22 meet this goal, until the goal is reached, other
 23 than to complete projects already started."

24 2. Page 34, insert after line 10 the following
 25 new subsection and renumber the remaining sub-
 26 section:

27 "_____. The authority may not commit more than
 28 fifteen percent of its total bonding capacity as
 29 authorized by law to mortgage purchases under
 30 this section, except that this limit shall not
 31 apply to the purchase of mortgages on newly con-
 32 structed single or multiple dwellings."

33 3. Page 36, line 16, insert after the period
 34 the words "However, the authority may not have a
 35 total principal amount of bonds and notes outstand-
 36 ing at any time in excess of one hundred million
 37 dollars."

S-3975 FILED - *adopted 5/29* BY EUGENE M. HILL CHAIRMAN
 MAY 28, 1975 *(1629)* COMMITTEE ON STATE GOVERNMENT

S-3969

- 1 Amend House File 823 as amended, passed and
2 reprinted by the House as follows:
- 3 1. Page 3, line 5, insert after the word "property"
4 the words "which includes completed housing".
 - 5 2. Page 3, line 7, insert after the word "exceeds"
6 the words "by not less than ten years".
 - 7 3. Page 14, strike lines 6 through 9 and insert
8 in lieu thereof the following:
9 "housing sponsor to execute assurances and
10 guarantees reasonably related to".
 - 11 4. Page 16, line 18, insert after the word "or"
12 the words "a substantial portion of the property".
 - 13 5. Page 46, line 23, strike the word ", officer".
 - 14 6. Page 46, line 23, insert after the word "em-
15 ployee" the words "other than the executive director".
 - 16 7. Page 46, line 29, strike the word ", officer".
 - 17 8. Page 46, insert after line 34 the words "to
18 limit the right of a member or employee other than
19 the executive director".
 - 20 9. Page 47, insert after line 4 the following:
21 "3. The executive director shall not have an
22 interest in a bank or other financial institution
23 in which the funds of the authority are, or are to
24 be, deposited or which is, or is to be, acting as
25 trustee or paying agent under a trust indenture to
26 which the authority is a party. The executive di-
27 rector shall not receive, in addition to fixed salary
28 or compensation, any money or valuable thing, either
29 directly or indirectly, or through any substantial
30 interest in any other corporation or business unit,
31 for negotiating, procuring, recommending or aiding
32 in any purchase or sale of property, or loan, made
33 by the authority, nor shall the executive director
34 be pecuniarily interested, either as principal,
35 coprincipal, agent or beneficiary, either directly
36 or indirectly, or through any substantial interest
37 in any other corporation or business unit, in any
38 such purchase, sale or loan."

S-3969 FILED - *Adopted 5/29 (3969)* BY PHILIP B. HILL
MAY 28, 1975

HOUSE FILE 823

S-3974

1 Amend House File 823 as amended, passed and re-
2 printed by the House as follows:

3 1. Page 3, line 11, by inserting after the word
4 "company," the words "any governmental agency,". A

5 2. Page 22, lines 28 and 29, by striking the words
6 "seventeen (517)" and inserting in lieu thereof the B
7 words "fifteen (515)".

8 3. Page 23, line 17, by inserting after the A
9 period the words "However, failure of the authority
10 to participate in the federal programs set out in
11 this section does not invalidate any bonds, notes
12 or other obligations of the authority."

13 4. Page 31, line 24, by inserting after the word
14 "make" the word "advance".

15 5. Page 32, line 7, by inserting after the word
16 "families" the words "or certify that mortgage
17 loans purchased are mortgage loans made to low or
18 moderate income families".

19 6. Page 32, line 7, by inserting after the word
20 "loans" the words "to be made by mortgage lenders".

21 7. Page 32, line 8, by inserting after the
22 period the words "The authority may make a commitment
23 to purchase mortgage loans from mortgage lenders in
24 advance of the time such loans are made by mortgage
25 lenders. The authority shall require as a condition
26 of such commitment that mortgage lenders certify in
27 writing that all mortgage loans represented by the
28 commitment will be made to low or moderate income
29 families, and that other authority specifications
30 will be complied with."

S-3974 FILED *A. Adapted 5/29 (1630)* BY PHILIP B. HILL
MAY 28, 1975 *B. W. D. 5/29 (1630)* WILLIAM E. GLUBA

S-3971

1 Amend House File 823, as amended, passed and
2 reprinted by the House, as follows:

3 1. Page 5, by inserting after line 17, "1. A
4 Average taxpayer".

5 2. Page 36, line 33, by inserting after the
6 word "authority" the following: B

7 ", nor shall any tax revenue be used to pay
8 principal or interest of any bonds or notes issued
9 by the authority unless issuance of said bonds or
10 notes has been approved by a vote of the people as
11 set out in section five (5) of article seven (VII)
12 of the Constitution of the State of Iowa."

S-3971 FILED A-Adopted 5/29 BY
MAY 28, 1975 B-Law 5/29 (1632)

WILLIAM P. WINKELMAN
KARL NOLIN
WARREN E. CURTIS
FORREST V. SCHWENGELS

S-3973

1 Amend House File 823 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 13, line 25, by striking the word
4 "building".

S-3973 FILED -Adopted 5/29 (1632) BY
MAY 28, 1975

PHILIP B. HILL

S-3980

1 Amend House File 823 as amended and passed by
2 the House and reprinted as follows:

3 1. Page 23, by striking lines 18 through 35.

4 2. Page 24, by striking lines 1 through 19.

5 3. By renumbering the remaining sections and
6 correcting internal references in accordance with
7 this amendment.

S-3980 FILED & WITHDRAWN (1634) BY
MAY 29, 1975 CALVIN O. HULTMAN

HOUSE FILE 823

S-3985

- 1 Amend House File 823 as follows:
2 1. By striking on page 6, lines 11 through
3 35.
4 2. By striking on page 7, lines 1 through
5 17.
6 3. By renumbering the remaining sections and
7 changing internal references in accordance with this
8 amendment.

S-3985 FILED & LOST (1634) BY RICHARD RAMSEY
MAY 29, 1975 DALE TIEDEN
CALVIN HULTMAN

S-3984

- 1 Amend House File 823, as amended, passed and
2 reprinted by the House, as follows:
3 1. Page 1, line 14, by striking the word "area"
4 and inserting in lieu thereof the word "state".
5 2. Page 1, line 19, by striking the word "area"
6 and inserting in lieu thereof the word "state".

S-3984 FILED & WITHDRAWN BY CALVIN HULTMAN
MAY 29, 1975 (1634) RICHARD R. RAMSEY

HOUSE FILE 823

AN ACT

ESTABLISHING THE IOWA HOUSING FINANCE AUTHORITY, PRE-SCRIBING ITS POWERS AND DUTIES, PROVIDING FOR RELATED TAX AND OTHER EXEMPTIONS AND APPROPRIATIONS, AND PROVIDING COORDINATING AMENDMENTS RELATED TO IMPLEMENTATION OF THE AUTHORITY'S PROGRAMS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. DEFINITIONS. As used in this Act, unless the context otherwise requires:

1. "Authority" means the Iowa housing finance authority established in section two (2) of this Act.
2. "Low or moderate income families" means families who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe, and sanitary dwellings for their use, and includes, but is not limited to, elderly families, families in which one or more persons are handicapped or disabled, lower income families and very low-income families.
3. "Lower income families" means families whose incomes do not exceed eighty percent of the median income for the area with adjustments for the size of the family or other adjustments necessary due to unusual prevailing conditions in the area, and includes, but is not limited to, very low-income families.
4. "Very low-income families" means families whose incomes do not exceed fifty percent of the median income for the area, with adjustments for the size of the family or other adjustments necessary due to unusual prevailing conditions in the area.
5. "Elderly families" means families of low or moderate income where the head of the household or his or her spouse

is at least sixty-two years of age or older, or the surviving member of any such tenant family.

6. a. "Families" includes but is not limited to families consisting of a single person in the case of a person who is at least sixty-two years of age, is disabled, is handicapped, is displaced, or is the remaining member of a tenant family.

b. "Families" includes but is not limited to two or more persons living together who are at least sixty-two years of age, are disabled, or are handicapped, or one or more such individuals living with another person who is essential to such individual's care or well-being.

7. "Disabled" means unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment.

8. "Handicapped" means having a physical or mental impairment which is expected to be of long-continued and indefinite duration, substantially impedes the ability to live independently, and is of a nature that the ability to live independently could be improved by more suitable housing conditions.

9. "Displaced" means displaced by governmental action, or by having one's dwelling extensively damaged or destroyed as a result of a disaster.

10. "Income" means income from all sources of each member of the household, with appropriate exceptions and exemptions reasonably related to an equitable determination of the family's available income, as established by rule of the authority.

11. a. "Housing" means single-family and multi-family dwellings, and facilities incidental or appurtenant to the dwellings, and includes noninstitutional residential care facilities.

b. "Adequate housing" means housing which meets minimum structural, heating, lighting, ventilation, sanitary, occupancy and maintenance standards compatible with applicable building and housing codes, as determined under rules of the authority.

12. "Noninstitutional residential care facility" means any facility providing for a period exceeding twenty-four consecutive hours accommodation, board, personal assistance and other essential daily living activities to three or more individuals, not related to the administrator or owner thereof within the third degree of consanguinity, who by reason of age, illness, disease, or physical or mental infirmity are unable to sufficiently or properly care for themselves but who do not require the services of a registered or licensed practical nurse except on an emergency basis.

13. "Mortgage" means a mortgage, mortgage deed, deed of trust, or other instrument creating a first lien, subject only to title exceptions acceptable to the authority, on a fee interest in real property which includes completed housing located within this state, or on a leasehold on such a fee interest which has a remaining term at the time of computation that exceeds by not less than ten years the maturity date of the mortgage loan.

14. "Mortgage lender" means any bank, trust company, mortgage company, national banking association, savings and loan association, life insurance company, any governmental agency, or any other financial institution authorized to make mortgage loans in this state.

15. "Mortgage loan" means a financial obligation secured by a mortgage.

16. "Bond" means a bond issued by the authority pursuant to sections twenty-six (26) through thirty (30) of this Act.

17. "Note" means a bond anticipation note or a housing development fund note issued by the authority pursuant to this Act.

18. "State agency" means any board, commission, department, public officer, or other agency of the state of Iowa.

19. "Housing program" means any work or undertaking of new construction or rehabilitation of one or more housing units, or the acquisition of existing residential structures, for the provision of housing, which is financed pursuant to

the provisions of this Act for the primary purpose of providing housing for low or moderate income families. A housing program may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing low or moderate income families is a primary goal. A housing program may include any buildings, land, equipment, facilities, or other real or personal property which is necessary or convenient in connection with the provision of housing, including, but not limited to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community, health, recreational, educational, and commercial facilities, as the authority determines to be necessary or convenient in relation to the purposes of this Act.

20. "Housing sponsor" means any individual, joint venture, partnership, limited partnership, trust, corporation, housing cooperative, local public entity, governmental unit, or other legal entity, or any combination thereof, approved by the authority or pursuant to standards adopted by the authority as qualified to either own, construct, acquire, rehabilitate, operate, manage, or maintain a housing program, whether for profit, nonprofit, or limited profit, subject to the regulatory powers of the authority and other terms and conditions set forth in this Act. "Housing sponsor" does not include a low or moderate income family which is eligible to own or occupy a housing unit.

21. "Dilapidated" means decayed, deteriorated or fallen into partial disuse through neglect or misuse.

The authority shall establish by rule further definitions applicable to this Act, and clarification of the definitions in this section, as necessary to assure eligibility for funds available under federal housing laws.

Sec. 2. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

1. The Iowa housing finance authority is established, and constituted a public instrumentality and agency of the

state exercising public and essential governmental functions, established to undertake programs which assist in attainment of adequate housing for low or moderate income families, elderly families, families which include one or more persons who are handicapped or disabled, and the Iowa homesteading program. The powers of the authority shall be vested in and exercised by a board of nine members appointed by the governor with the approval of two-thirds of the members of the senate. No more than five members shall belong to the same political party. Any individual or organization may submit the names of nominees for membership to the governor in writing within thirty days of the effective date of this section, but the governor is not bound to select the members from the nominees submitted. As far as possible the governor shall include within the membership persons determined by him to represent the following interests:

- a. Community and housing development industries.
- b. Housing finance industries.
- c. Real estate sales industry.
- d. Elderly families.
- e. Minorities.
- f. Lower income families.
- g. Very low-income families.
- h. Handicapped and disabled families.
- i. Average taxpayer.

2. Members of the authority shall be appointed by the governor for a term of six years, except that, of the first appointments, three members shall be appointed for a term of two years, and three members shall be appointed for a term of four years. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the authority may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing.

3. Six members of the authority constitute a quorum and the affirmative vote of at least five members is necessary for any substantive action taken by the authority. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the authority.

4. Members of the authority are entitled to receive forty dollars per diem for each day spent in performance of duties as members, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

5. Members of the authority and the executive director shall give bond as required for public officers in chapter sixty-four (64) of the Code.

6. Meetings of the authority shall be held at the call of the chairman or whenever two members so request.

7. Members shall elect a chairman and vice chairman annually, and other officers as they determine, but the executive director shall serve as secretary to the authority.

Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds and declares as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, and for the promotion of the economy, which are public purposes.

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this Act.

3. There exists a serious shortage of safe and sanitary residential housing available to low or moderate income families.

4. This shortage is conducive to disease, crime, environmental decline and poverty and impairs the economic value of large areas, which are characterized by depreciated values, impaired investments, and reduced capacity to pay taxes and are a menace to the health, safety, morals and welfare of the citizens of the state.

5. These conditions result in a loss in population and

further deterioration, accompanied by added costs to communities for creation of new public facilities and services elsewhere.

6. One major cause of this condition has been recurrent shortages of funds in private channels.

7. These shortages have contributed to reductions in construction of new residential units, and have made the sale and purchase of existing residential units a virtual impossibility in many parts of the state.

8. The ordinary operations of private enterprise have not in the past corrected these conditions.

9. A stable supply of adequate funds for residential financing is required to encourage new housing and the rehabilitation of existing housing in an orderly and sustained manner and to reduce the problems described in this section.

10. It is necessary to create a state housing finance authority to encourage the investment of private capital and stimulate the construction and rehabilitation of adequate housing through the use of public financing.

11. All of the purposes stated in this section are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned or granted.

Sec. 4. NEW SECTION. GUIDING PRINCIPLES. In the performance of its duties and implementation of its powers, and in the selection of specific programs and projects to receive its assistance, the authority shall be guided by the following principles:

1. The authority shall not become an owner of real property, except on a temporary basis where necessary in order to implement its programs, protect its investments by means of foreclosure or other means, or to facilitate transfer of real property for the use of low or moderate income families.

2. The authority shall function in cooperation with local governmental units and local or regional housing agencies, and in fulfillment of local or regional housing plans, and to that end shall provide technical assistance to local

governmental units and local or regional agencies in need of that assistance.

3. A local contributing effort shall be required of each project assisted by the authority. As used in this subsection, "project" includes one or more programs authorized under the provisions of this Act. The local contribution may be provided by local governmental units or by local or regional agencies, public or private. Unless otherwise specified in this Act, the percentage and type of local contribution shall be determined by the authority, and may include, but should not be limited to, cash match, land contribution, tax abatement, or ancillary facilities. The authority shall encourage ingenuity and creativity in local effort.

4. The authority shall encourage units of local government and local and regional housing agencies to use federal revenue-sharing funds for programs which increase or improve the supply of adequate housing for low or moderate income families.

5. The authority shall encourage cooperative housing efforts at the local level, both with respect to the cooperation of public bodies with private enterprise and civic groups, and with respect to the formation of regional or multi-city units engaged in housing.

6. Wherever practicable, the authority shall give preference to the following types of programs:

a. Those which treat housing problems in the context of the total needs of individuals and communities, recognizing that individuals may have other problems and needs closely related to their need for adequate housing, and that the development of isolated housing units without regard for neighborhood and community development tends to create undesirable consequences.

b. Those which promote home ownership by families of low or moderate income, recognizing the need for educational counseling programs in family financial management and home maintenance in order to achieve this goal.

c. Those which involve the rehabilitation and conservation

of existing housing units, and the preservation of existing neighborhoods and communities.

d. Those designed to serve elderly families, families which include one or more persons who are handicapped or disabled, lower income families or very low-income families.

7. The authority shall encourage the protection, restoration and rehabilitation of historic properties, and the preservation of other properties of special value for architectural or esthetic reasons. As used in this subsection, "historic properties" means landmarks, landmark sites, or districts which are significant in the history, architecture, archaeology or culture of this state, its communities, or the nation.

Sec. 5. NEW SECTION. GENERAL POWERS. The authority has all of the general powers needed to carry out its purposes and duties, and exercise its specific powers, including but not limited to the power to:

1. Issue its negotiable bonds and notes as provided in sections twenty-six (26) through thirty (30) of this Act in order to finance its programs.

2. Sue and be sued in its own name.

3. Have and alter a corporate seal.

4. Make and alter bylaws for its management consistent with the provisions of this Act.

5. Make and execute agreements, contracts and other instruments, with any public or private entity. All political subdivisions, public housing agencies, other public agencies and state departments and agencies may enter into contracts and otherwise cooperate with the authority.

6. Acquire, hold, improve, mortgage, lease and dispose of real and personal property, including, but not limited to, the power to sell at public or private sale, with or without public bidding, any such property, mortgage loan, or other obligation held by it.

7. Procure insurance against any loss in connection with its operations and property interests.

8. Fix and collect fees and charges for its services.

9. Subject to any agreement with bondholders or noteholders, invest or deposit moneys of the authority in any manner determined by the authority, notwithstanding the provisions of chapters four hundred fifty-two (452), four hundred fifty-three (453) or four hundred fifty-four (454) of the Code.

10. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.

11. Provide technical assistance and counseling related to the authority's purposes, to public and private entities.

12. In cooperation with other local, state or federal governmental agencies, conduct research studies, develop estimates of unmet housing needs, and gather and compile data useful to facilitate decision making.

13. Cooperate in development of, and initiate housing demonstration projects.

14. Contract with architects, engineers, attorneys, accountants, housing construction and finance experts, and other advisors. However, the authority may enter into contracts or agreements for such services with local, state or federal governmental agencies.

15. Make, alter and repeal rules consistent with the provisions of this Act, and subject to chapter seventeen A (17A) of the Code.

Sec. 6. NEW SECTION. STAFF.

1. The governor, with the approval of two-thirds of the members of the senate, shall appoint an executive director of the authority, who shall serve at the pleasure of the governor. The executive director shall be selected primarily for administrative ability and knowledge in the field, without regard to political affiliation. The executive director shall not, directly or indirectly, exert influence to induce any

other officers or employees of the state to adopt a political view, or to favor a political candidate for office.

2. The executive director shall advise the authority on matters relating to housing and housing finance, carry out all directives from the authority, and hire and supervise the authority's staff pursuant to its directions and under the provisions of chapter nineteen A (19A) of the Code.

3. The executive director, as secretary of the authority, shall keep a record of the proceedings of the authority and shall be custodian of all books, documents and papers filed with the authority and of its minute book and seal. He shall have authority to cause to be made copies of all minutes and other records and documents of the authority and to give certificates under the seal of the authority to the effect that such copies are true copies and all persons dealing with the authority may rely upon such certificates.

Sec. 7. NEW SECTION. ANNUAL REPORT.

1. The authority shall submit to the governor and to the general assembly, not later than January fifteenth each year, a complete report setting forth:

- a. Its operations and accomplishments.
 - b. Its receipts and expenditures during the fiscal year, in accordance with the classifications it establishes for its operating and capital accounts.
 - c. Its assets and liabilities at the end of its fiscal year and the status of reserve, special and other funds.
 - d. A schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and issued during its fiscal year.
 - e. A statement of its proposed and projected activities.
 - f. Recommendations to the general assembly, as it deems necessary.
 - g. An analysis of current housing needs in the state.
2. The annual report shall identify performance goals of the authority, and clearly indicate the extent of progress during the reporting period, in attaining the goals. Where

possible, results shall be expressed in terms of housing units.

Sec. 8. NEW SECTION. PERCENTAGE REQUIREMENT. The goal of the authority shall be to assure that fifty percent or more of the housing units provided directly or indirectly by the authority in each three-year period beginning July 1, 1975, but in no case less than thirty percent of such units, are units specially designed for and directed to elderly families, families which include one or more persons who are handicapped or disabled, or very low-income families. Failure to meet this goal does not invalidate any bonds, notes or other obligations of the authority, but in case of noncompliance with this requirement, the authority shall make a special report to the governor and to the general assembly as to the reasons for noncompliance, and the authority shall not commit further funds for housing units which do not help meet this goal, until the goal is reached, other than to complete projects already started.

Sec. 9. NEW SECTION. NONDISCRIMINATION AND AFFIRMATIVE ACTION.

1. Housing financed or otherwise assisted by the authority, directly or indirectly, shall be open to all persons regardless of race, creed, color, sex, national origin, age, physical or mental impairment, or religion except that preference may be given to elderly families, families which include one or more persons who are handicapped or disabled, lower income families or very low-income families.

2. The authority shall promote marketing plans to make housing available to all persons without discrimination.

3. The authority shall require adoption and submission of an affirmative action program for employment by all contractors and subcontractors of housing financed or otherwise assisted by the authority.

4. The authority shall require all mortgage lenders who participate in programs financed or otherwise assisted by it to agree that they will not designate certain areas as

unsuitable for the making of mortgage loans because of the prevailing income, racial, ethnic or other characteristics of the inhabitants of the area. This subsection is intended to prohibit all mortgage lenders who participate in authority programs from engaging in the practice commonly known as "red-lining".

5. The authority may require mortgage lenders who participate in programs financed or otherwise assisted by the authority to take affirmative action to make mortgage loans in areas with a higher than average concentration of lower-income families or members of racial or ethnic minorities.

Sec. 10. NEW SECTION. SURPLUS MONEYS. All moneys declared by the authority to be surplus moneys which are not required to service bonds and notes issued by the authority, to pay administrative expenses of the authority, or to accumulate necessary operating or loss reserves, shall be used by the authority to provide grants, subsidies, and services to lower income families and very low-income families through any of the programs authorized in this Act.

Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Any programs authorized in this Act may be combined with any other programs authorized in this Act in order to facilitate as far as practicable the provision of adequate housing to low and moderate income families.

Sec. 12. NEW SECTION. MORTGAGE LOANS.

1. The authority may make mortgage loans, including but not limited to mortgage loans insured, guaranteed, or otherwise secured by the federal government or by private mortgage insurers, to housing sponsors to provide long-term financing for the purchase, or rehabilitation of adequate housing for low or moderate income families, elderly families, families which include one or more persons who are handicapped or disabled, and noninstitutional residential care facilities.

2. A mortgage loan under this section may be made only when the authority determines that the housing sponsor is

unable to obtain the necessary financing from other sources upon terms and conditions which the sponsor reasonably could be expected to fulfill.

3. The authority shall make and execute contracts with mortgage lenders for the servicing of mortgage loans made under this section. The authority may pay the reasonable value of services rendered pursuant to such contracts.

4. Mortgage loans shall contain terms and provisions including interest rates, and be in a form as established by rules of the authority. The authority shall require the housing sponsor to execute assurances and guarantees reasonably related to protecting the security of the mortgage loan, as the authority deems necessary.

5. In considering an application for a mortgage loan under this section, the authority shall determine that the housing will be adequate and provide for the special needs of families of low or moderate income, elderly families, or families which include one or more persons who are handicapped or disabled, or will meet state standards for noninstitutional residential care facilities, and shall also give consideration to:

a. The comparative need for housing or noninstitutional residential care facilities in the area.

b. The ability of the applicant to operate, manage and maintain the proposed housing.

6. Each mortgage loan shall be subject to an agreement between the authority and the housing sponsor which will subject the housing sponsor to limitations established by the authority as to rentals and other charges, builders' and developers' profits and fees, and dispositions of interests in the property mortgaged, including provisions to prohibit assumption of a mortgage without permission of the mortgagee.

7. As a condition of a mortgage loan, the authority may, upon reasonable notice, during construction or rehabilitation of the housing and during its operation:

a. Enter upon and inspect the physical condition of the premises, examine books and records of the housing sponsor,

and impose fees to cover the cost of the inspections and examinations.

b. Require alterations or repairs as necessary to protect the security of its investment and the welfare of the occupants, and to insure that the housing is in conformity with applicable federal, state and local laws.

c. Require whatever action is necessary to comply with applicable federal, state and local laws, and file and prosecute a complaint or seek injunctive relief for a violation of applicable federal, state or local laws.

8. A mortgage loan may be prepaid to maturity after a period of years as determined by rule of the authority, if the authority determines that the prepayment will not result in a material escalation of rents or fees charged to the occupants.

Sec. 13. NEW SECTION. LEASE-PURCHASE AGREEMENTS. By means of its other financing programs, the authority may encourage and assist in the provision of housing which will be transferred to low or moderate income families, elderly families, and families which include one or more persons who are handicapped or disabled, pursuant to lease-purchase agreements.

1. A lease-purchase agreement shall include, but not be limited to the following terms:

a. The original lease-purchase agreement shall be for a term of one year, with option by lessee to renew on the same terms. The lease may be terminated by the lessee, upon sixty-days' written notice. The lease may be terminated by the lessor at any time for material breach of the agreement by the lessee, by service on the lessee of a notice to quit in conformance with state law.

The lease may otherwise be terminated by the lessor upon sixty-days' written notice for only the following causes:

(1) In the event of sale of the property due to insolvency of the lessor, in which case the lessee will be given first option to purchase the property before the sale is made.

(2) For purposes of removing the buildings, or materially altering or improving them, to conform with local housing or building codes.

b. The rent shall not exceed twenty-five percent of the lessee's income, but the lessee shall have the option to pay additional amounts.

c. The lessee shall be responsible for routine maintenance of the property, and for its performance shall be credited with an amount equal to the budgeted amount for monthly routine maintenance in the monthly housing cost. This credit may be applied by the lessee to the purchase price in the event he exercises his option to purchase the property.

d. The premises or a portion of them shall be used by the lessee as a dwelling and no part may be assigned or subleased without the lessor's written approval.

e. The agreement shall be terminated if the property suffers substantial destruction or a substantial portion of the property is taken by condemnation.

f. Major repairs and remodeling or reconstruction shall be undertaken by the lessee only upon written approval by the lessor, and the costs of major repairs and remodeling or reconstruction may be paid by the lessor, or the lessee may deduct the cost including reasonable costs for the lessee's labor from the rent payments, and receive full credit.

g. The original lease-purchase agreement shall state a monthly housing cost for the unit, equal to the sum of the following:

- (1) The monthly debt service on the property.
- (2) One-twelfth of the annual real property taxes.
- (3) One-twelfth of the annual premium for fire and extended coverage, and casualty insurance.
- (4) The current monthly amount budgeted for routine maintenance and nonroutine maintenance reserves.
- (5) Other monthly costs specified in the agreement.

2. At the time the original lease-purchase agreement is entered into, the lessee and lessor shall also enter into

an option to purchase agreement, which shall include but not be limited to the following terms:

a. The purchase price of the property shall be the unamortized balance of debt on the property plus the lessor's original down payment.

b. The option to purchase shall state the market value of the property and the lessor's purchase cost of the property, and shall state the amount, term and interest rate of any mortgage loan on the property.

c. The lessee shall have the right to exercise his option to purchase the property when all of the following conditions have been met:

(1) The lessee has maintained a level of rent payments equal to the monthly housing cost of the property for a period of one year.

(2) The lessee has complied with the terms of the lease during the leasing period.

(3) The lessee is able to meet the established purchase price through a combination of earned credits toward down payment, down payment grant, assumption of the lessor's mortgage, refinancing with a new mortgage, or contract of sale from the lessor.

d. The payments required under the mortgage or contract of sale shall be sufficient to pay taxes, insurance, and the stated minimum interest, and to amortize the stated market value of the property within a period of not to exceed fifty years from the date of the original lease-purchase agreement.

e. All rent paid by the lessee, less the amount necessary to pay taxes, insurance, and interest, shall be applied to and considered as a part of the down payment against the stated market value of the property.

f. The authority may establish other criteria reasonably related to determining that a lessee is capable of handling the responsibilities of home ownership before a transfer of title is made or a contract of sale is entered into.

3. To the extent funds are available, the authority may

provide down payment grants to very low-income families and lower income families who have established home ownership capability by making regular payments under a lease from their own resources for a period of not less than one year and by meeting other criteria reasonably related to determining that a lessee is capable of handling the responsibilities of home ownership, as the authority establishes by rule. In addition, the authority may provide funds to private, nonprofit organizations for the purpose of making down-payment grants to very low-income families and lower income families who are participating in lease-purchase programs administered by the organization which meet standards similar to the standards specified in this section, and which are acceptable to the authority.

4. The authority may combine the lease-purchase program with other programs provided or assisted by the authority, in order to encourage eventual home ownership by very low-income families and lower income families who are able to establish home ownership capability by showing regularity of payment and property maintenance.

Sec. 14. NEW SECTION. IOWA HOMESTEADING PROGRAM.

1. The Iowa homesteading program is established to be under the supervision of the authority. The purpose of the program is to alleviate problems of slums and blighted areas, to provide for rehabilitation of dilapidated and deteriorating housing, and to make existing housing available to families, all of which are declared to be public purposes. The authority may establish homesteading projects in any part of the state, subject to the approval of the local governing body and in cooperation with suitable local agencies, may provide financial and technical assistance to housing sponsors for the establishment of homesteading projects which meet the requirements of this Act, and may coordinate and cooperate with similar local projects to provide housing.

2. When the authority implements its homesteading program, it shall:

- a. Encourage private rehabilitation of abandoned or dilapidated housing through homesteading projects where normal private or governmental development or rehabilitation is economically unfeasible or has been neglected.
 - b. Locate and compile a catalog of all private, city, state and federally owned abandoned or dilapidated structures appropriate for inclusion in homesteading projects, utilizing the aid of other local, state and federal agencies.
 - c. Publicize the homesteading program and available properties.
 - d. Employ staff persons with knowledge and experience in residential housing finance, construction or rehabilitation, and in dealing with housing problems.
 - e. Establish a coordinated approach toward neighborhood improvement through the homesteading program and the upgrading of community services and facilities.
3. The authority may:
 - a. Recommend legislation to provide appropriate exemptions from real property tax laws for homesteading properties.
 - b. Recommend temporary suspension or temporary or permanent modification of building and housing code requirements to the extent necessary to permit safe and economical rehabilitation of housing.
 4. The authority shall formulate and revise as necessary rules for approval of homesteading projects based upon the following requirements, and others as needed.
 - a. Homesteading projects shall provide for:
 - (1) Approval of homesteading applicants on a first in time is first in right basis, unless probability of success with a subsequent applicant is substantially higher. In cases of two or more applicants for a single property, priority may be given to a resident of the city or county where the property is located, or to the applicant with the lowest income who is otherwise qualified.
 - (2) Aid and assistance for applicants to apply for and receive financial and technical assistance and counseling

from public or private sources.

- (3) Announced quarterly inspections of homesteads during rehabilitation.
 - (4) Payment for the reasonable value of improvements on property returned for good faith failure to comply with the homesteading requirements, less a reasonable rental value.
 - (5) Repossession of property upon proper notice and hearing unless waived by the homestead applicant, for unreasonable failure to comply with homesteading requirements.
- b. Applicants for a homesteading project shall:
 - (1) Have reached the age of majority.
 - (2) Be United States citizens or registered aliens.
 - (3) Agree to rehabilitate the property to meet applicable building or housing code standards within a two-year period after initial transfer of conditional title. However, the two-year period may be extended for reasonable cause.
 - (4) Agree to live in and occupy the housing for five continuous years.
 - c. The housing sponsor providing the homesteading property shall agree to:
 - (1) The conditional conveyance of unoccupied residential property to the applicant with or without any substantial consideration, which consideration may include the value of work performed by the applicant in rehabilitating the property during the period of the conditional conveyance.
 - (2) The revocation of the conveyance upon any material breach of the agreement.
 - (3) The conveyance from the agency of fee simple title to the property upon compliance with the agreement.
5. The authority may establish and maintain a "homesteading fund" to be administered as follows:
 - a. The fund shall be used exclusively for rehabilitation loans.
 - b. Rehabilitation loans shall be granted exclusively to those selected for homesteading.
 - c. No rehabilitation loans shall be made until a condi-

tional conveyance has been issued.

d. The rehabilitation loans shall be for a maximum term of twenty years.

e. The interest rates for rehabilitation loans shall be established by rule of the authority and shall be as low as practicable considering current market conditions.

f. All funds received as payment on the rehabilitation loans shall be deposited in the homesteading fund.

g. The authority may require security for the rehabilitation loans.

Sec. 15. NEW SECTION. HOUSING ASSISTANCE FOR VERY LOW-INCOME AND LOWER INCOME FAMILIES.

1. The authority shall participate in the housing assistance payments program under section eight (8) of the United States Housing Act of 1937, section one thousand four hundred one (1401) et seq., title forty-two (42), United States Code, as amended by section two hundred one (201) of the Housing and Community Development Act of 1974 (Public Law ninety-three dash three hundred eighty-three (93-383)). The purpose of participation is to enable the authority to obtain, on behalf of the state of Iowa, set-asides of contract authorization reserved by the United States secretary of housing and urban development for public housing agencies, to enter into annual contributions contracts, to otherwise expedite use of the program through the use of state housing finance funds, and to encourage new construction and substantial rehabilitation of housing suitable for assistance under the program. Assistance may be provided for existing housing units made available by owners for the program, as well as for newly constructed housing units. Maximum rents shall be established by the authority in conformity with federal law.

2. To establish maximum eligibility for set-asides the authority shall:

a. Develop and implement procedures which will to the fullest possible extent complement the allocation system of the United States department of housing and urban development.

b. Evaluate statewide and local housing needs and develop a program to provide housing in areas of most critical need, within its allocation of set-aside contract authority.

c. Comply with all documentation and application requirements of the federal law.

3. The authority shall cooperate to the fullest extent possible with local housing agencies for implementation of the housing assistance payments program. The agency may enter into agreements with local housing agencies, housing cooperatives, or other public or private entities for commitment of housing assistance upon completion of an approved proposal, and may subsequently execute with such entities housing assistance payments contracts.

4. Permanent financing for units to be subsidized under the housing assistance payments program may be provided by the authority, directly or indirectly, by the proceeds from the sale of bonds and notes as provided in this Act, or by other moneys available to the authority, by appropriations or otherwise.

5. The authority shall, when appropriate, take necessary steps to cooperate with the United States department of agriculture in implementation of sections five hundred seventeen (517) and five hundred twenty-one (521) of the Housing Act of 1949, sections one thousand four hundred eighty-seven (1487) and one thousand four hundred ninety a (1490a), title forty-two (42), United States Code, as amended by section five hundred fourteen (514) of the Housing and Community Development Act of 1974 (Public Law ninety-three dash three hundred eighty-three (93-383)). The purpose of such programs is to extend to rural areas the provisions of housing assistance payments programs.

6. The authority shall, when appropriate, take necessary steps to participate in the programs of federal assistance to state housing finance agencies for expanding the supply of housing available to low or moderate income families, as provided in section eight hundred two (802) of the Housing

and Community Development Act of 1974 (Public Law ninety-three dash three hundred eighty-three (93-383)).

7. The authority may participate in other programs under the Housing and Community Development Act of 1974 (Public Law ninety-three dash three hundred eighty-three (93-383)), and in other federal programs designed to increase the supply of adequate housing for low or moderate income families and may recommend appropriate legislation to the general assembly where further legislation is needed to accomplish such participation. However, failure of the authority to participate in the federal programs set out in this section does not invalidate any bonds, notes or other obligations of the authority.

Sec. 16. NEW SECTION. RENT SUPPLEMENTS.

1. The authority may establish and administer through local public or private agencies an eighteen month demonstration program of rent supplements designed for very low-income and lower income families, to provide for payment of a maximum of the difference between twenty-five percent of an eligible family's income and the fair market rental of a unit of housing, as established by the authority. Eligibility of a housing unit for participation in the demonstration rent supplement program is subject to approval by the authority based on compliance with the definition of adequate housing in this Act, and agreement by the owner to comply with authority rules pertaining to equal housing opportunity, maintenance, occupancy, and other authority policies. The authority shall, by rule, establish criteria for participation in the demonstration project, based upon the provisions of this section and section four (4) of this Act, including but not limited to the selection of target groups, determined by geographical location or special needs, to receive the benefits of the program under the demonstration project. It shall then receive applications for participation in the demonstration project from agencies or organizations described in subsection two (2) of this section, prepare a

detailed plan for the total demonstration project including a statement of funding needs, and submit the plan to the general assembly with its budget request.

2. A governing body of a city or county, a public housing agency, or a private, nonprofit organization which provides or wishes to provide housing to lower income families, is eligible to apply for participation in the rent supplement program. Funds available for the rent supplement program, whether from appropriations or from other sources, shall be made available by the authority to cities, counties, public housing agencies, or private, nonprofit organizations on a one-to-one matching basis with funds supplied by the cities, counties, public housing agencies, or private, nonprofit organizations that participate.

Sec. 17. NEW SECTION. EMERGENCY HOUSING FUND. The authority may establish a fund to be known as the "emergency housing fund" to be administered by the authority separate and distinct from other moneys or funds administered by the authority.

The emergency housing fund may be comprised of the proceeds of appropriations, grants and other contributions and the authority is authorized to accept contributions to the fund from any source.

The emergency housing fund may be used to make grants and temporary loans at interest rates and terms as determined by the authority, for the following purposes:

1. To defray the local contribution requirement for housing sponsors who apply for rent supplement assistance as provided in section sixteen (16) of this Act and who, in the judgment of the authority, would not be able to provide the local contribution without undue hardship.
2. To defray temporary housing costs that result from displacement by natural or other disaster, if the disaster has been proclaimed by the governor.
3. To defray a portion of the expense required to develop and initiate housing which deals creatively with the housing

problems of low or moderate income families, elderly families, and families which include one or more persons who are handicapped or disabled.

Sec. 18. NEW SECTION. HOUSING ASSISTANCE FUND. The authority may establish a revolving fund to be known as the "housing assistance fund", to be administered by the authority as a trust fund separate and distinct from other moneys or funds administered by the authority.

The housing assistance fund may be comprised of the proceeds of appropriations, grants and other contributions, earnings accruing to the authority, surplus moneys transferred as provided in section ten (10) of this Act, and of fund notes issued by the authority as provided in section nineteen (19) of this Act, and the authority is authorized to accept contributions to the fund from any source.

The housing assistance fund may be used to make temporary loans at interest rates and terms as determined by the authority, for the following purposes:

1. To defray development costs for housing for low or moderate income families provided by housing sponsors. A "development cost" loan shall be repaid in full by the borrower concurrent with obtaining a construction loan, unless the authority extends the period for repayment, but the period for repayment shall not be extended beyond the date of obtaining a mortgage loan on the housing. As used in this section, "development costs" means the costs approved by the authority as appropriate expenditures which may be incurred by builders and developers prior to commitment and initial advance of the proceeds of a construction loan or a mortgage loan, including but not limited to:

a. Payments for options to purchase properties on the proposed housing site, deposits on contracts of purchase, or, with approval of the authority, payments for the purchasing of such properties.

b. Legal and organizational expenses including payment of attorney fees, project manager, clerical and other staff

salaries, office rent and other incidental expenses.

c. Payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work.
d. Expenses for tenant surveys and market analysis.
e. Necessary application and other fees.

2. To make or participate in the making of mortgage loans for rehabilitation or preservation of existing dwellings for the use of low or moderate income families, elderly families or families which include one or more persons who are handicapped or disabled. A rehabilitation or preservation loan may be for the estimated cost of the rehabilitation work to be done, for the purpose of refinancing an existing mortgage loan, for the purpose of doing the rehabilitation work, or for the purpose of acquiring housing in which rehabilitation work is to be done. The rehabilitation or preservation loan shall not exceed, with all other existing indebtedness of the property, the estimated market value of the property as determined by the authority, after the rehabilitation or preservation is completed, and the term of a loan shall not exceed the estimated useful life of the property as determined by the authority, after rehabilitation or preservation. The proposed rehabilitation or preservation shall assure that the property will not contain any substantial violation of applicable housing codes. A rehabilitation or preservation loan under this subsection may be made only when the authority determines that the proposed mortgagor is unable to obtain the necessary financing from other sources upon terms and conditions which the proposed mortgagor reasonably could be expected to fulfill. A rehabilitation or preservation loan under this subsection may be provided only within an area of a city for which an authorized city agency submits a satisfactory affirmative neighborhood preservation program, or in other areas within or outside of cities where the authority determines that rehabilitation or preservation is economically sound and a program of neighborhood preservation is inappropriate. The following criteria, along with others

reasonably related to the purposes of this Act, which may be determined by the authority, shall be considered in determining whether an affirmative neighborhood preservation program is satisfactory:

- a. The degree of blight, decay or deterioration of housing or the imminent threat of blight, decay or deterioration of housing within the area.
- b. The degree to which financing for repairs, remodeling or rehabilitation of housing within the area is available.
- c. The proportion of residential structures within the area which are owner-occupied.
- d. The degree to which the financial resources of proposed occupants of the housing, including resources available to them under this Act or other federal, state, and local laws and programs, provide reasonable assurances of the economic feasibility of the financing of rehabilitation or preservation.
- e. The expressed commitment of the city to provide a concentrated effort to enforce the applicable housing codes within the area.
- f. The expressed commitment of the city to provide capital improvements and other city services so as to stabilize, improve and restore the neighborhood.

Sec. 19. NEW SECTION. HOUSING ASSISTANCE FUND NOTES.

The authority may issue housing assistance fund notes, the principal and interest of which shall be payable solely from the housing assistance fund established under section eighteen (18) of this Act. The fund notes of each issue shall be dated, shall mature at such times not exceeding ten years from their dates, and may be made redeemable before maturity, at the option of the authority, at prices and under terms and conditions as determined by the authority. The authority shall determine the form and manner of execution of the fund notes, including any interest coupons to be attached thereto, and shall fix the denominations and the places of payment of principal and interest, which may be any financial institution within or without the state or any agent, including

the lender. If any officer whose signature or a facsimile of whose signature appears on fund notes or coupons shall cease to be that officer before the delivery of the notes or coupons, the signature or facsimile shall be valid and sufficient for all purposes the same as if the officer had remained in office until delivery. The fund notes may be issued in coupon or in registered form, or both, as the authority determines, and provision may be made for the registration of coupon fund notes as to principal alone and also as to both principal and interest, and for the conversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the interchange of registered and coupon fund notes. Fund notes shall bear interest at rates as determined by the authority and may be sold in a manner, either at public or private sale, and for a price as the authority determines to be best to effectuate the purposes of the housing assistance fund. The proceeds of fund notes shall be used solely for the purposes for which issued and shall be disbursed in a manner and under restrictions as provided in this section and in the resolution of the authority providing for their issuance. The authority may provide for the replacement of fund notes which become mutilated or are destroyed or lost.

Sec. 20. NEW SECTION. LOANS TO MORTGAGE LENDERS.

1. The authority may make, and contract to make, loans to mortgage lenders on terms and conditions as it determines which are reasonably related to protecting the security of the authority's investment and to implementing the purposes of this Act, and subject to this section, and all mortgage lenders are authorized to borrow from the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of each loan to a mortgage lender that the mortgage lender, within a reasonable period after receipt of the loan proceeds as the authority prescribes by rule, shall have entered into

written commitments to make, and, within a reasonable period thereafter as the authority prescribes by rule, shall have disbursed the loan proceeds in new mortgage loans to low or moderate income families in an aggregate principal amount equal to the amount of the loan. New mortgage loans shall have terms and conditions as the authority prescribes by rules which are reasonably related to implementing the purposes of this Act.

3. The authority shall require the submission to it by each mortgage lender to which the authority has made a loan, of evidence satisfactory to the authority of the making of new mortgage loans to low or moderate income families as required by this section, and in that connection may, through its members, employees or agents, inspect the books and records of a mortgage lender.

4. Compliance by a mortgage lender with the terms of its agreement with the authority with respect to the making of new mortgage loans to low or moderate income families may be enforced by decree of any district court of this state. The authority may require as a condition of a loan to a national banking association or a federally chartered savings and loan association, the consent of the association to the jurisdiction of courts of this state over any such proceeding. The authority may also require, as a condition of a loan to a mortgage lender, agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority shall require that each mortgage lender receiving a loan pursuant to this section shall issue and deliver to the authority an evidence of its indebtedness to the authority which shall constitute a general obligation of the mortgage lender and shall bear a date, mature at a time, be subject to prepayment, and contain other provisions consistent with this section and reasonably related to protecting the security of the authority's investment, as

the authority determines.

6. Notwithstanding any other provision of this section to the contrary, the interest rate and other terms of loans to mortgage lenders made from the proceeds of an issue of bonds or notes of the authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due.

7. The authority shall require that loans to mortgage lenders are additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security by special escrow funds or other forms of guarantee and in such amounts and forms as the authority shall by resolution determine to be necessary to assure the payment of the loans and the interest thereon as they become due. Collateral security shall consist of direct obligations of, or obligations guaranteed by, the United States or one of its agencies, obligations satisfactory to the authority which are issued by other federal agencies, direct obligations of or obligations guaranteed by a state or a political subdivision of a state, or investment quality obligations approved by the authority.

8. The authority may require that collateral for loans be deposited with a bank, trust company or other financial institution acceptable to the authority located in this state and designated by the authority as custodian. In the absence of such a requirement, each mortgage lender shall enter into an agreement with the authority containing provisions as the authority deems necessary to adequately identify and maintain the collateral, service the collateral, and require the mortgage lender to hold the collateral as an agent for the authority and be accountable to the authority as the trustee of an express trust for the application and disposition of the collateral and the income from it. The authority may also establish additional requirements as it deems necessary with respect to the pledging, assigning, setting aside, or holding of collateral and the making of substitutions for

it or additions to it and the disposition of income and receipts from it.

9. The authority may require as a condition of loans to mortgage lenders, any representations and warranties it determines are necessary to secure the loans and carry out the purposes of this section.

10. If a provision of this section is inconsistent with a provision of law of this state governing mortgage lenders, the provision of this section controls for the purposes of this section.

Sec. 21. NEW SECTION. PURCHASE OF MORTGAGE LOANS.

1. The authority may purchase, and make advance commitments to purchase, mortgage loans from mortgage lenders at prices and upon terms and conditions as it determines subject to this section. However, the total purchase price for all mortgage loans which the authority commits to purchase from a mortgage lender at any one time shall not exceed the total of the unpaid principal balances of the mortgage loans purchased. Mortgage lenders are authorized to sell mortgage loans to the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of purchase of mortgage loans from mortgage lenders that the mortgage lenders, within a reasonable period after receipt of the purchase price as the authority prescribes by rule, shall enter into written commitments to loan and, within a reasonable period thereafter as the authority prescribes by rule, shall loan an amount equal to the entire purchase price of the mortgage loans, on new mortgage loans to low or moderate income families or certify that mortgage loans purchased are mortgage loans made to low or moderate income families. New mortgage loans to be made by mortgage lenders shall have terms and conditions as the authority prescribes by rule. The authority may make a commitment to purchase mortgage loans from mortgage lenders in advance of the time such loans are made by mortgage lenders. The authority shall require as

a condition of such commitment that mortgage lenders certify in writing that all mortgage loans represented by the commitment will be made to low or moderate income families, and that other authority specifications will be complied with.

3. The authority shall require the submission to it by each mortgage lender from which the authority has purchased mortgages, of evidence satisfactory to the authority of the making of new mortgage loans to low or moderate income families as required by this section and in that connection may, through its members, employees or agents, inspect the books and records of a mortgage lender.

4. Compliance by a mortgage lender with the terms of its agreement with the authority with respect to the making of new mortgage loans to low or moderate income families may be enforced by decree of any district court of this state. The authority may require as a condition of purchase of mortgage loans from any national banking association or federally chartered savings and loan association, the consent of the association to the jurisdiction of courts of this state over any such proceeding. The authority may also require as a condition of the authority's purchase of mortgage loans from a mortgage lender, agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority may require as a condition of purchase of a mortgage loan from a mortgage lender that the mortgage lender represent and warrant to the authority that:

a. The unpaid principal balance of the mortgage loan and the interest rate on it have been accurately stated to the authority.

b. The amount of the unpaid principal balance is justly due and owing.

c. The mortgage lender has no notice of the existence of any counterclaim, offset or defense asserted by the

mortgagor or his successor in interest.

d. The mortgage loan is evidenced by a bond or promissory note and a mortgage which has been properly recorded with the appropriate public official.

e. The mortgage constitutes a valid first lien on the real property described to the authority subject only to real property taxes not yet due, installments of assessments not yet due, and easements and restrictions of record which do not adversely affect, to a material degree, the use or value of the real property or improvements on it.

f. The mortgagor is not now in default in the payment of any installment of principal or interest, escrow funds, real property taxes or otherwise in the performance of obligations under the mortgage documents and has not to the knowledge of the mortgage lender been in default in the performance of any obligation under the mortgage for a period of longer than sixty days during the life of the mortgage.

g. The improvements to the mortgaged real property are covered by a valid and subsisting policy of insurance issued by a company authorized to issue such policies in this state and providing fire and extended coverage in amounts as the authority prescribes by rule.

h. The mortgage loan meets the prevailing investment quality standards for mortgage loans in this state.

6. A mortgage lender is liable to the authority for damages suffered by the authority by reason of the untruth of a representation or the breach of a warranty and, in the event that a representation proves to be untrue when made or in the event of a breach of warranty, the mortgage lender shall, at the option of the authority, repurchase the mortgage loan for the original purchase price adjusted for amounts subsequently paid on it, as the authority determines.

7. The authority shall require the recording of an assignment of a mortgage loan purchased by it from a mortgage lender and shall not be required to notify the mortgagor of its purchase of the mortgage loan. The authority shall not be

required to inspect or take possession of the mortgage documents if the mortgage lender from which the mortgage loan is purchased by the authority enters into a contract to service the mortgage loan and account to the authority for it.

8. The authority may not commit more than fifteen percent of its total bonding capacity as authorized by law to mortgage purchases under this section, except that this limit shall not apply to the purchase of mortgages on newly constructed single or multiple dwellings.

9. If a provision of this section is inconsistent with another provision of law of this state governing mortgage lenders, the provision of this section controls for the purposes of this section.

Sec. 22. NEW SECTION. RULES--LOANS TO MORTGAGE LENDERS AND PURCHASE OF MORTGAGE LOANS. The rules of the authority relating to the making of loans to mortgage lenders or the purchase of mortgage loans shall provide at least for the following:

1. Procedures for the submission by mortgage lenders to the authority of requests for loans and offers to sell mortgage loans.

2. Standards for allocating bond proceeds among mortgage lenders requesting loans from, or offering to sell mortgage loans to, the authority.

3. Standards for determining the principal amount to be loaned to each mortgage lender and the interest rate on each loan.

4. Standards for determining the aggregate principal amount of mortgage loans to be purchased from each mortgage lender and the purchase price.

5. Qualifications or characteristics of housing and the purchasers to be financed by new mortgage loans made in satisfaction of the requirements of section twenty (20), subsection two (2) or section twenty-one (21), subsection two (2) of this Act.

6. Restrictions as to the interest rates to be allowed

on new mortgage loans and the return to be realized by mortgage lenders.

7. Requirements as to commitments and disbursements by mortgage lenders with respect to new mortgage loans.

8. Schedules of fees and charges to be imposed by the authority.

9. Requirements for provisions that prohibit mortgage loans made under this program from being assumed without permission of the mortgagee.

Sec. 23. NEW SECTION. POWERS RELATING TO LOANS. Subject to any agreement with bondholders or noteholders, the authority may renegotiate a mortgage loan or a loan to a mortgage lender in default, waive a default or consent to the modification of the terms of a mortgage loan or a loan to a mortgage lender, forgive or forbear all or part of a mortgage loan or a loan to a mortgage lender, and commence, prosecute and enforce a judgment in any action, including but not limited to a foreclosure action, to protect or enforce any right conferred upon it by law, mortgage loan agreement, contract or other agreement, and in connection with any such action, bid for and purchase the property or acquire or take possession of it, complete, administer, pay the principal of and interest on any obligations incurred in connection with the property and dispose of and otherwise deal with the property in a manner as the authority deems advisable to protect its interests.

Sec. 24. NEW SECTION. CERTIFICATION OF AMORTIZATION PERIODS. Before the authority provides money, either directly or indirectly, for any mortgage loan, it must obtain the certificate of a competent appraiser to the effect that the economic lifespan of the property on which the mortgage loan is to be made is in excess of the period of amortization of the mortgage loan.

Sec. 25. NEW SECTION. PLANNING, ZONING AND BUILDING LAWS. All housing provided or assisted by the authority is subject to any applicable master plan, official map, zoning regulation, building code, housing code and any other law or regulation

governing land use, pollution control, environmental quality, planning or construction, for the area in which the housing is to be located.

Sec. 26. NEW SECTION. BONDS AND NOTES.

1. The authority may issue its negotiable bonds and notes in principal amounts as, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its bonds and notes, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. However, the authority may not have a total principal amount of bonds and notes outstanding at any time in excess of one hundred million dollars. The bonds and notes shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code.

2. Bonds and notes issued by the authority are payable solely and only out of the moneys, assets, or revenues of the authority, and as provided in the agreement with bondholders or noteholders pledging any particular moneys, assets or revenues. Bonds or notes are not an obligation of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are special obligations of the authority payable solely and only from the sources provided in this Act, and the authority may not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority, or make its debts payable out of any moneys except those of the authority.

3. The maximum amount of bonds and notes issued by the authority which may be outstanding at any time shall be set by statute. Bonds and notes must be authorized by a resolution of the authority. However, a resolution authorizing the issuance of bonds or notes may delegate to an officer of the

authority the power to negotiate and fix the details of an issue of bonds or notes by an appropriate certificate of the authorized officer.

4. Bonds shall:

a. State the date and series of the issue, be consecutively numbered, and state on their face that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limit.

b. Be either registered, registered as to principal only, or in coupon form, issued in denominations as the authority prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the authority with the manual or facsimile signature of the chairman or vice chairman, attested by the manual or facsimile signature of the secretary, have impressed or imprinted thereon the seal of the authority or a facsimile of it, and the coupons attached shall be signed with the facsimile signature of the chairman or vice chairman, be payable as to interest at rates and at times as the authority determines, be payable as to principal at times over a period not to exceed fifty years from the date of issuance, at places, and with reserved rights of prior redemption, as the authority prescribes, be sold at prices, at public or private sale, and in a manner as the authority prescribes, and the authority may pay all expenses, premiums and commissions which it deems necessary or advantageous in connection with the issuance and sale, and be issued under and subject to the terms, conditions and covenants providing for the payment of the principal, redemption premiums, if any, interest and other terms, conditions, covenants and protective provisions safeguarding payment, not inconsistent with this Act, as are found to be necessary by the authority for the most advantageous sale, which may include, but are not limited to, covenants with the holders of the bonds as

to:

- (1) Pledging or creating a lien, to the extent provided by the resolution, on moneys or property of the authority or moneys held in trust or otherwise by others to secure the payment of the bonds.
- (2) Providing for the custody, collection, securing, investment and payment of any moneys of or due to the authority.
- (3) The setting aside of reserves or sinking funds and the regulation or disposition of them.
- (4) Limitations on the purpose to which the proceeds of sale of an issue of bonds then or thereafter to be issued may be applied.
- (5) Limitations on the issuance of additional bonds and on the refunding of outstanding or other bonds.
- (6) The procedure by which the terms of a contract with the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto and the manner in which consent may be given.
- (7) The creation of special funds into which moneys of the authority may be deposited.
- (8) Vesting in a trustee properties, rights, powers and duties in trust as the authority determines, which may include the rights, powers and duties of the trustee appointed for the holders of any issue of bonds pursuant to section twenty-eight (28) of this Act, in which event the provisions of that section authorizing appointment of a trustee by the holders of bonds shall not apply, or limiting or abrogating the right of the holders of bonds to appoint a trustee under that section, or limiting the rights, duties and powers of the trustee.
- (9) Defining the acts or omissions which constitute a default in the obligations and duties of the authority and providing for the rights and remedies of the holders of bonds in the event of a default. However, rights and remedies shall be consistent with the laws of this state and other provisions

of this Act.

(10) Any other matters which affect the security and protection of the bonds and the rights of the holders.

5. The authority may issue its bonds for the purpose of refunding any bonds or notes of the authority then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of this Act. The interest, income and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding bonds shall be issued and secured and subject to the provisions of this Act in the same manner and to the same extent as other bonds issued pursuant to this Act.

6. The authority may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes are payable from any available moneys of the authority not otherwise pledged, or from the proceeds of the sale of bonds of the authority in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the authority. Notes shall be issued in the same manner as bonds, and notes and the resolution authorizing them may contain any provisions, conditions or limitations, not inconsistent with the provisions of this subsection, which the bonds or a bond resolution of the authority may contain.

Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the authority to the noteholders, the noteholders shall have all the remedies provided in this Act for bondholders. Notes shall be as fully negotiable as bonds of the authority.

7. A copy of each pledge agreement by or to the authority, including without limitation each bond resolution, indenture of trust or similar agreement, or any revisions or supplements to it shall be filed with the secretary of state and no further filing or other action under section five hundred fifty-four point nine thousand one hundred one (554.9101) through five hundred fifty-four point nine thousand five hundred seven (554.9507) of the Code, article nine (9) of the uniform commercial code, or any other law of the state shall be required to perfect the security interest in the collateral or any additions to it or substitutions for it, and the lien and trust so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

8. Neither the members of the authority nor any person executing its bonds, notes or other obligations shall be liable personally on the bonds, notes, or other obligations or be subject to any personal liability or accountability by reason of the issuance of the authority's bonds or notes.

Sec. 27. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

1. The authority may create and establish one or more special funds, to be known as "bond reserve funds", and shall pay into each bond reserve fund any moneys appropriated and made available by the state for the purpose of the fund, any proceeds of sale of notes or bonds to the extent provided in the resolutions of the authority authorizing their issuance, and any other moneys which may be available to the authority for the purpose of the fund from any other sources. All moneys held in a bond reserve fund, except as otherwise provided in this Act, shall be used as required solely for the payment of the principal of bonds secured in whole or

in part by the fund or of the sinking fund payments with respect to the bonds, the purchase or redemption of the bonds, the payment of interest on the bonds or the payments of any redemption premium required to be paid when the bonds are redeemed prior to maturity.

2. Moneys in a bond reserve fund shall not be withdrawn from it at any time in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, as provided in this section, except for the purpose of making, with respect to bonds secured in whole or in part by the fund, payment when due of principal, interest, redemption premiums and the sinking fund payments with respect to the bonds for the payment of which other moneys of the authority are not available. Any income or interest earned by, or incremental to, a bond reserve fund due to the investment of it may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that bond reserve fund below the bond reserve fund requirement for it.

3. The authority shall not at any time issue bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the bonds, the amount in the bond reserve fund will be less than the bond reserve fund requirement for the fund, unless the authority at the time of issuance of the bonds deposits in the fund from the proceeds of the bonds issued or from other sources an amount which, together with the amount then in the fund will not be less than the bond reserve fund requirement for the fund. For the purposes of this section, the term "bond reserve fund requirement" means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which the fund is established, equal to not more than ten percent of the outstanding principal amount of bonds of the authority secured in whole or in part by the fund.

4. To assure the continued operation and solvency of the

authority for the carrying out of its corporate purposes, provision is made in subsection one (1) of this section for the accumulation in each bond reserve fund of an amount equal to the bond reserve fund requirement for the fund. In order further to assure maintenance of the bond reserve funds, the chairman of the authority shall, on or before July first of each calendar year, make and deliver to the governor his certificate stating the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Within thirty days after the beginning of the session of the general assembly next following the delivery of the certificate, the governor may submit to both houses printed copies of a budget including the sum, if any, required to restore each bond reserve fund to the bond reserve fund requirement for that fund. Any sums appropriated by the general assembly and paid to the authority pursuant to this section shall be deposited by the authority in the applicable bond reserve fund.

5. All amounts paid over to the authority by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the authority and, subject to the rights of the holders of any bonds or notes of the authority theretofore or thereafter issued, shall be repaid to the state without interest from all available operating revenues of the authority in excess of amounts required for the payment of bonds, notes or obligations of the authority, the bond reserve fund and operating expenses.

Sec. 28. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTE-HOLDERS.

1. If the authority defaults in the payment of principal or interest on an issue of bonds or notes after they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or if the authority fails or refuses to comply with the provisions of this Act, or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of twenty-five

percent in aggregate principal amount of bonds or notes of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the authority is located, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds or notes for the purposes provided in this section.

2. The authority or any trustee appointed under the indenture under which the bonds are issued may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of bonds or notes then outstanding shall:

- a. Enforce all rights of the bondholders or noteholders, including the right to require the authority to carry out its agreements with the holders and to perform its duties under this Act.
 - b. Bring suit upon the bonds or notes.
 - c. By action require the authority to account as if it were the trustee of an express trust for the holders.
 - d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.
 - e. Declare all the bonds or notes due and payable and if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of bonds or notes then outstanding, annul the declaration and its consequences.
3. The trustee shall also have and possess all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.
4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days notice in writing to the governor, to the authority and to the attorney general of the state.
5. The district court has jurisdiction of any action by

the trustee on behalf of bondholders or noteholders. The venue of the action shall be in the county in which the principal office of the authority is located.

Sec. 29. NEW SECTION. AGREEMENT OF THE STATE. The state of Iowa pledges to and agrees with the holders of any bonds or notes issued under this Act that the state will not limit or alter the rights vested in the authority to fulfill the terms of agreements made with the holders or in any way impair the rights and remedies of the holders until the bonds or notes together with the interest on them, plus interest on unpaid installments of interest, and all costs and expenses in connection with an action by or on behalf of the holders, are fully met and discharged. The authority may include this pledge and agreement of the state of Iowa in any agreement with the holders of bonds or notes.

Sec. 30. NEW SECTION. BONDS AND NOTES AS LEGAL INVESTMENTS. Bonds and notes of the authority are securities in which public officers, state departments and agencies, political subdivisions, insurance companies, and other persons carrying on an insurance business, banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, administrators, executors, guardians, conservators, trustees and other fiduciaries, and other persons authorized to invest in bonds or other obligations of this state, may properly and legally invest funds including capital in their control or belonging to them. The bonds and notes are also securities which may be deposited with and may be received by public officers, state departments and agencies, and political subdivisions, for any purpose for which the deposit of bonds or other obligations of this state is authorized.

Sec. 31. NEW SECTION. MONEYS OF THE AUTHORITY.

1. Moneys of the authority from whatever source derived, except as otherwise provided in this Act, shall be paid to the authority and shall be deposited in a bank or other financial institution designated by the authority. The moneys

shall be withdrawn on the order of the person authorized by the authority. Deposits shall, if required by the authority, be secured in the manner determined by the authority. The auditor of state and his legally authorized representatives may periodically examine the accounts and books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing, and the authority shall not be required to pay a fee for the examination.

2. The authority may contract with holders of its bonds or notes as to the custody, collection, security, investment, and payment of moneys of the authority, of moneys held in trust or otherwise for the payment of bonds or notes, and to carry out the contract. Moneys held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes and deposits of the moneys may be secured in the same manner as moneys of the authority, and banks and trust companies may give security for the deposits.

3. Subject to the provisions of any contract with bondholders or noteholders and to the approval of the state comptroller, the authority shall prescribe a system of accounts.

4. The authority shall submit to the governor, the auditor of state, and the state comptroller, within thirty days of its receipt by the authority, a copy of the report of every external examination of the books and accounts of the authority other than copies of the reports of examinations made by the auditor of state.

Sec. 32. NEW SECTION. LIMITATION OF LIABILITY. Neither the members of the authority, nor persons acting in its behalf, while acting within the scope of their employment or agency, are subject to personal liability resulting from carrying out the powers and duties given in this Act.

Sec. 33. NEW SECTION. ASSISTANCE BY STATE OFFICERS, AGENCIES AND DEPARTMENTS.

1. State officers and state departments and agencies may

render services to the authority within their respective functions as requested by the authority.

Sec. 34. NEW SECTION. LIBERAL INTERPRETATION. This Act, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 35. NEW SECTION. CONFLICTS OF INTEREST.

1. If a member or employee other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is, or is to be, a party, or in a mortgage lender requesting a loan from, or offering to sell mortgage loans to, the authority, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in action by the authority with respect to that contract or mortgage lender.

2. Nothing in this section shall be deemed to limit the right of a member, officer or employee of the authority to acquire an interest in bonds or notes of the authority or to limit the right of a member or employee other than the executive director to have an interest in a bank or other financial institution in which the funds of the authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under a trust indenture to which the authority is a party.

3. The executive director shall not have an interest in a bank or other financial institution in which the funds of the authority are, or are to be, deposited or which is, or is to be, acting as trustee or paying agent under a trust indenture to which the authority is a party. The executive director shall not receive, in addition to fixed salary or compensation, any money or valuable thing, either directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending or aiding in any purchase or sale of property,

or loan, made by the authority, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly, or through any substantial interest in any other corporation or business unit, in any such purchase, sale or loan.

Sec. 36. NEW SECTION. EXEMPTION FROM COMPETITIVE BID LAWS. The authority and all contracts made by it in carrying out its public and essential governmental functions under sections twelve (12) through sixteen (16), eighteen (18), twenty (20) and twenty-one (21) of this Act, shall be exempt from the provisions and requirements of all laws of the state which provide for competitive bids in connection with such contracts.

Sec. 37. Section twelve point ten (12.10), Code 1975, is amended to read as follows:

12.10 DEPOSITS BY STATE OFFICERS. All elective and appointive state officers, boards, commissions, and departments, except the state fair board, the state board of regents, Iowa state commerce commission, and the commissioner of the department of social services, shall, within ten days succeeding the collection thereof, deposit, with the treasurer of state, or to the credit of said treasurer in any depository by him designated, ninety percent of all fees, commissions, and moneys collected or received; the balance actually collected in cash, remaining in the hands of any officer, board, or department shall not exceed the sum of five thousand dollars and no money collected shall be held more than thirty days. This section does not apply to the Iowa housing finance authority.

Sec. 38. Section three hundred sixty-four point seven (364.7), subsection three (3), Code 1975, is amended to read as follows:

3. A city may not dispose of real property by gift except to a governmental body for a public purpose. However, a city may dispose of real property for use in an Iowa homesteading

program under section fourteen (14) of this Act for a nominal consideration, including but not limited to property in an urban renewal area.

Sec. 39. Section four hundred three A point three (403A.3), Code 1975, is amended by adding the following new subsection:

NEW SUBSECTION. To cooperate with the Iowa housing finance authority, to participate in any of its programs, to use any of the funds available to the municipality for the uses of this chapter to contribute to such programs in which it participates, and to comply with the provisions of sections one (1) through thirty-six (36) of this Act and the rules of the Iowa housing finance authority promulgated thereunder.

Sec. 40. Chapter four hundred forty-six (446), Code 1975, is amended by adding the following new section:

NEW SECTION. A city or county, a city or county agency as authorized by the Iowa housing finance authority, or the Iowa housing finance authority may file with the treasurer a verified statement that a parcel of property to be sold at tax sale is abandoned and deteriorating in condition, or is inhabited but is not safe for human habitation, or is or is likely to become a public nuisance, and that the property is suitable for use and is to be used in an Iowa homesteading project under section fourteen (14) of this Act. Other information may be included. Upon proper filing of the statement, and if the property is offered at any tax sale and no bid is received, or if the bid received is less than the total amount of the delinquent general taxes, interest, penalties and costs, or if the property is to be transferred to the county under section four hundred forty-six point thirty-eight (446.38) of the Code, the city, county, city or county agency, or Iowa housing finance authority may bid for the property for use in an Iowa homesteading project, bidding a sum equal to the total amount of all delinquent general taxes, interest, penalties and costs charged against the property. Each of the tax-levying and tax-certifying bodies having an interest in the taxes for which the property

is sold shall be charged with the full amount of all delinquent taxes due to it, as its share of the purchase price.

Sec. 41. Section four hundred forty-six point seven (446.7), unnumbered paragraph two (2), Code 1975, is amended to read as follows:

Property of municipal and political subdivisions of the state of Iowa and property held by a city or county agency or the Iowa housing finance authority for use in an Iowa homesteading project, shall not be offered or sold at tax sale and any purported tax sale thereof shall be void from its inception. Whenever delinquent taxes are owing against property owned or claimed by any municipal or political subdivision of the state of Iowa, or property held by a city or county agency or the Iowa housing finance authority for use in an Iowa homesteading project, the treasurer shall give notice to the governing body thereof which shall then pay the amount of the due and delinquent taxes from its general fund. In the event such governing body fails to make payment upon such notice, the collection and enforcement of the taxes, penalty, interest and costs shall be suspended for so long as the property shall remain in public ownership, and for so long as the property is the subject of a conditional conveyance under an Iowa homesteading project, but the same may be collected and enforced against the property in the event of its subsequent sale by such municipal or political subdivision, agency, or authority, to a private purchaser. However, such taxes, penalty, interest and costs shall be canceled if the property is the subject of an absolute conveyance of the fee to a holder of the conditional conveyance granted under an Iowa homesteading project. No penalty, interest or costs shall be added during such period of public ownership or while the property is the subject of a conditional conveyance under an Iowa homesteading project.

Sec. 42. Section four hundred forty-seven point nine (447.9), Code 1975, is amended to read as follows:

447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION. After

two years and nine months from the date of sale, or after nine months from the date of a sale made under the provisions of section 446.18 ~~or~~, section 446.38, or section forty (40) of this Act, the holder of the certificate of purchase may cause to be served upon the person in possession of such real estate, and also upon the person in whose name the same is taxed, if such person resides in the county where the land is situated, in the manner provided for the service of original notices, a notice signed by him, his agent, or attorney, stating the date of sale, the description of the property sold, the name of the purchaser, and that the right of redemption will expire and a deed for the land be made unless redemption is made within ninety days from the completed service thereof. When said notice is given by a county as a holder of a certificate of purchase the notice shall be signed by the county auditor, and when given by a city, it shall be signed by the city officer designated by resolution of the council. When the notice is given by the Iowa housing finance authority or a city or county agency holding the property as part of an Iowa homesteading project, it shall be signed on behalf of the agency or authority by one of its officers, as authorized in rules of the agency or authority. Service of such notice shall also be made by certified mail on any mortgagee, or his assignee, of record, whether resident or nonresident of the county, if his address is disclosed by the recorded instrument or by a certificate showing the address of the mortgagee or assignee duly filed with the recorder, or the state of Iowa in case of an old-age assistance lien by service upon the state department of social services. Such notice shall also be served on any city where such real estate is situated.

Sec. 43. Section four hundred forty-seven point twelve (447.12), Code 1975, is amended to read as follows:

447.12 WHEN SERVICE DEEMED COMPLETE--PRESUMPTION. Service shall be complete only after an affidavit has been filed with the treasurer, showing the making of the service, the manner

thereof, the time when and place where made, and under whose direction the same was made; such affidavit to be made by the holder of the certificate or by his agent or attorney, and in either of the latter cases stating that such affiant is the agent or attorney, as the case may be, of the holder of such certificate; which affidavit shall be filed by the treasurer and entered upon the sale book opposite the entry of the sale, and said record or affidavit shall be presumptive evidence of the completed service of said notice, and the right of redemption shall not expire until ninety days after service is complete. When the property is held by a city or county, a city or county agency, or the Iowa housing finance authority, for use in an Iowa homesteading project, whether or not the property is the subject of a conditional conveyance granted under the project, the affidavit shall be made by the county auditor of the county, a city officer designated by resolution of the council, or on behalf of the agency or authority, by one of its officers as authorized in rules of the agency or authority.

Sec. 44. Section four hundred forty-seven point thirteen (447.13), Code 1975, is amended to read as follows:

447.13 COST--FEE--REPORT. The cost of serving the notice and affidavit of publication shall be added to the amount necessary to redeem. The fee for serving the notice shall be the same as for service of an original notice, including copy fee and mileage. The treasurer shall, upon the filing of proof of service and statement of costs, forthwith report the same in writing to the auditor, who shall enter it on the sale book against the proper tract of real estate. The holder of the certificate of sale or his agent may report in writing to the county auditor the amount of costs incurred in giving such notice, and the auditor shall enter the same in the sale book. No redemption shall be complete until such costs are paid. If the property is held by a city or county, a city or county agency, or the Iowa housing finance authority, for use in an Iowa homesteading project, whether or not the

property is the subject of a conditional conveyance granted under the project, the costs incurred for repairs and rehabilitation work required and undertaken in order to make the property meet applicable building or housing code standards shall be added to the amount necessary to redeem, and no redemption shall be complete until such costs are paid.

Sec. 45. Chapter four hundred seventy-two (472), Code 1975, is amended by adding the following new section:

NEW SECTION. PROCEDURE FOR HOMESTEADING PROJECTS. If the purpose of condemnation is to obtain property for use as part of an Iowa homesteading project under section fourteen (14) of this Act, the application required under section four hundred seventy-two point three (472.3) of the Code may contain a verified statement that the property sought to be condemned is abandoned and deteriorating in condition, or is inhabited but is not safe for human habitation, or is or is likely to become a public nuisance, and that the property is suitable for use and is to be used in an Iowa homesteading project. Other information may be included. The statement must be verified by the Iowa housing finance authority or by a local agency authorized under rules of the authority. Upon proper filing of the statement and the report of the condemnation commission assessing damages, and deposit of the amount assessed with the sheriff, the applicant for condemnation may take possession as provided in section four hundred seventy-two point twenty-five (472.25) of the Code if the property is abandoned, or may take steps to obtain possession after ninety days from the date of the filing of the statement, report, and deposit, if the property is inhabited.

Sec. 46. Section five hundred twenty-four point nine hundred five (524.905), subsection six (6), is amended by adding the following new paragraph:

NEW PARAGRAPH. Loans made to families of low or moderate income as a part of programs authorized in sections one (1) through thirty-six (36) of this Act and approved by the Iowa housing finance authority.

Sec. 47. Section five hundred thirty-three point sixteen (533.16), unnumbered paragraph two (2), Code 1975, is amended to read as follows:

The foregoing restrictions or limitations shall not prevent the renewal or extension of loans and shall not apply to loans which are secured under the provisions of the national housing Act, as amended, or to loans made to families of low or moderate income as a part of programs authorized in sections one (1) through thirty-six (36) of this Act and approved by the Iowa housing finance authority.

Sec. 48. Section five hundred thirty-four point twenty-one (534.21), subsection one (1), Code 1975, is amended to read as follows:

1. LOAN PLANS. Real estate loans may be made as authorized by this chapter, or upon any other loan plan approved by the supervisor. No real estate loan shall be made until two qualified persons or one professional appraiser selected by the board of directors shall have submitted a signed appraisal of the real estate securing such loan. If it is an uninsured mortgage no such loan shall be made to exceed ninety percent of said appraised value. Any loans insured by the federal housing administration or which are guaranteed by the Servicemen's Readjustment Act of 1944 (50 Stat. L. 291; repealed; now covered by 37 U.S.C. subsection 1801 to 1824 inc.), as amended, or which are guaranteed or insured, in whole or in part, by any other duly constituted federal instrumentality or private corporation approved by the federal home loan bank or the supervisor which qualify for such insurance or guarantee, or loans made to families of low or moderate income as a part of programs authorized in sections one (1) through thirty-six (36) of this Act and approved by the Iowa housing finance authority, may be made regardless of the requirements for other loans otherwise contained in this section.

Payments on real estate loans shall be applied first to the payment of interest of the unpaid balance of the loan

and the remainder to the reduction of principal; provided that if the loan is in default in any manner, payments may be applied by the mortgagee in any manner approved by the association and provided by the contract between the parties.

If agreed in writing by written instrument separate from the note and mortgage at any time after execution of the note and mortgage, any prepayment of an installment may be applied on the final installment of the note or other obligation until fully paid, and thereafter on the installments in the inverse order of their maturity.

Sec. 49. Section five hundred sixty-nine point eight (569.8), Code 1975, is amended to read as follows:

569.8 TITLE UNDER TAX DEED--SALE--APPORTIONMENT OF PROCEEDS. When the county acquires title to real estate by virtue of a tax deed such real estate shall be controlled, managed, and sold by the board of supervisors as provided in this chapter, ~~except that any sale thereof shall be for a sum not less than the total amount stated in the tax sale certificate including all endorsements of subsequent general taxes, interests, and costs, without the written approval of the tax-levying and tax-certifying bodies having a majority interest in said general taxes.~~ However, where the total amount stated in the tax sale certificate including all endorsements of subsequent general taxes, interests, and costs does not exceed two hundred fifty dollars, such real estate may be sold by the board of supervisors without the written approval of any of the tax-levying and tax-certifying bodies having any interest in said general taxes. All money received from said real estate either as rent or as proceeds from the sale thereof shall, after payment of any general taxes which have accrued against said real estate since said tax sale and after payment of insurance premiums on any buildings located on said real estate and after expenditures made for the actual and necessary repairs and upkeep of said real estate, be apportioned to the tax-levying and certifying bodies in proportion to their interests in the taxes for which

said real estate was sold. Real property sold under this section shall be sold at public auction and not by use of sealed bids, but only after notice thereof has been published ~~once~~ twice, on different dates, in a newspaper or newspapers of general circulation in the county wherein the property is located, stating the description of the property to be sold and the date, place and time of such sale, ~~at least ten days,~~ but not more than fifteen days prior to the date of such sale. The board of supervisors may transfer title to real estate acquired by virtue of a tax deed to a city, a city agency, or to the Iowa housing finance authority for use in an Iowa homesteading project under section fourteen (14) of this Act and they need not comply with the provisions of this section.

DALE M. COCHRAN
Speaker of the House

ARTHUR A. NEU
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 823, Sixty-sixth General Assembly.

DAVID L. WRAY
Chief Clerk of the House

Approved 6/13, 1975

ROBERT D. RAY
Governor