

*Reprinted 4/78*

HUMAN RESOURCES *Print per 5420 2/21 (p. 615)*

HOUSE FILE 602  
By CUSACK

Passed House, Date 3-22-78 (p. 1123) Passed Senate, Date \_\_\_\_\_  
Vote: Ayes 77 Nays 2 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act to amend the Iowa housing finance authority relating  
2 to the eligibility of applicants, property improvement  
3 loans, lease-purchase agreements, homesteading, and a  
4 loan and grant fund.

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

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1 Section 1. Section two hundred twenty point one (220.1),  
2 subsection six (6), paragraph a, Code 1977, is amended to  
3 read as follows:

4 a. "Families" includes but is not limited to families  
5 consisting of a single adult person in-the-case-of-a-person  
6 who is primarily responsible for his or her own support, is  
7 at least sixty-two years of age, is disabled, is handicapped,  
8 is displaced, or is the remaining member of a tenant family.

9 Sec. 2. Section two hundred twenty point one (220.1),  
10 Code 1977, is amended by adding the following new subsection:

11 NEW SUBSECTION. "Property improvement loan" means a fi-  
12 nancial obligation that may be secured by collateral acceptable  
13 to the authority, the proceeds of which shall be used for  
14 improvement or rehabilitation of housing.

15 Sec. 3. Section two hundred twenty point four (220.4),  
16 Code 1977, is amended by adding the following new subsection:

17 NEW SUBSECTION. The authority shall exercise diligence  
18 and care in selection of projects to receive its assistance,  
19 and shall apply customary and acceptable business and lending  
20 standards in selection and subsequent implementation of such  
21 projects.

22 Sec. 4. Section two hundred twenty point ten (220.10),  
23 Code 1977, is amended to read as follows:

24 220.10 SURPLUS MONEYS--LOAN AND GRANT FUND.

25 1. All moneys declared by the authority to be surplus  
26 moneys which are not required to service bonds and notes is-  
27 sued by the authority, to pay administrative expenses of the  
28 authority, or to accumulate necessary operating or loss  
29 reserves, shall be used by the authority to provide grants,  
30 subsidies, and services to lower income families and very  
31 low income families through any of the programs authorized  
32 in this chapter.

33 2. The authority may establish a loan and grant fund which  
34 may be comprised of the proceeds of appropriations, grants,  
35 contributions, surplus moneys transferred as provided in this

1 section and repayment of authority loans made from such fund.

2 Sec. 5. Section two hundred twenty point twelve (220.12),  
3 Code 1977, is amended to read as follows:

4 220.12 PROPERTY IMPROVEMENT LOANS AND MORTGAGE LOANS.

5 1. The authority may make property improvement loans and  
6 mortgage loans, including but not limited to mortgage loans  
7 insured, guaranteed, or otherwise secured by the federal gov-  
8 ernment or by private mortgage insurers, to housing sponsors  
9 to provide ~~long-term financing for the purchase, or re-~~  
10 ~~habilitation~~ of adequate housing for low or moderate income  
11 families, elderly families, families which include one or  
12 more persons who are handicapped or disabled, and noninstitu-  
13 tional residential care facilities.

14 2. A property improvement loan or mortgage loan under  
15 this section may be made only when the authority determines  
16 that the housing sponsor is unable to obtain the necessary  
17 financing from other sources upon terms and conditions which  
18 the sponsor reasonably could be expected to fulfill.

19 3. The authority shall make and execute contracts with  
20 mortgage lenders for the servicing of property improvement  
21 loans and mortgage loans made under this section. The  
22 authority may pay the reasonable value of services rendered  
23 pursuant to such contracts.

24 4. Mortgage loans and property improvement loans shall  
25 contain terms and provisions including interest rates, and  
26 be in a form as established by rules of the authority. The  
27 authority shall require the housing sponsor to execute  
28 assurances and guarantees reasonably related to protecting  
29 the security of the mortgage loan, as the authority deems  
30 necessary.

31 5. In considering an application for a property improve-  
32 ment loan or mortgage loan under this section, the authority  
33 shall determine that the housing will be adequate and provide  
34 for the special needs of families of low or moderate income,  
35 elderly families, or families which include one or more per-

1 sons who are handicapped or disabled, or will meet state stan-  
2 dards for noninstitutional residential care facilities, and  
3 shall also give consideration to:

4 a. The comparative need for housing or noninstitutional  
5 residential care facilities in the area.

6 b. The ability of the applicant to operate, manage and  
7 maintain the proposed housing.

8 6. Each property improvement loan or mortgage loan shall  
9 be subject to an agreement between the authority and the  
10 housing sponsor which will subject the housing sponsor to  
11 limitations established by the authority as to rentals and  
12 other charges, builders' and developers' profits and fees,  
13 and dispositions of interests in the property mortgaged, in-  
14 cluding provisions to prohibit assumption of a mortgage without  
15 permission of the mortgagee.

16 7. As a condition of a property improvement loan or  
17 mortgage loan, the authority may, upon reasonable notice,  
18 during construction or rehabilitation of the housing and  
19 during its operation:

20 a. Enter upon and inspect the physical condition of the  
21 premises, examine books and records of the housing sponsor,  
22 and impose fees to cover the cost of the inspections and  
23 examinations.

24 b. Require alterations or repairs as necessary to pro-  
25 tect the security of its investment and the welfare of the  
26 occupants, and to insure that the housing is in conformity  
27 with applicable federal, state and local laws.

28 c. Require whatever action is necessary to comply with  
29 applicable federal, state and local laws, and file and prose-  
30 cute a complaint or seek injunctive relief for a violation  
31 of applicable federal, state or local laws.

32 8. A property improvement loan or mortgage loan may be  
33 prepaid to maturity after a period of years as determined  
34 by rule of the authority, if the authority determines that  
35 the prepayment will not result in a material escalation of

1 rents or fees charged to the occupants.

2 Sec. 6. Section two hundred twenty point thirteen (220.13),  
3 Code 1977, is amended by striking the section and inserting  
4 in lieu thereof the following:

5 220.13 LEASE-PURCHASE AGREEMENTS. In order to encourage  
6 eventual home ownership by low or moderate income families  
7 who are able to establish home ownership capability by showing  
8 regularity of payment and property maintenance, the authority  
9 may assist in the provision of housing to such families by  
10 means of down payment grants made pursuant to the lease-  
11 purchase program.

12 1. To the extent funds are available, the authority may  
13 provide down payment grants on behalf of low and moderate  
14 income families to nonprofit sponsors to defray all or part  
15 of the down payment on real property that is transferred by  
16 such sponsors to such families under the terms of the lease-  
17 purchase program.

18 2. To qualify for a down payment grant, the tenant shall  
19 have occupied the property for at least one year, have per-  
20 formed all routine maintenance, and have made all lease or  
21 rental payments on time and in full, during the year ending  
22 on the date of transfer.

23 3. Not more than thirty days prior to transfer of a prop-  
24 erty, an independent appraisal of such property shall be  
25 obtained, and the down payment shall not exceed ten percent  
26 of the lesser of the appraised value or agreed upon price.

27 4. Such down payment grant may be collectible in full  
28 and immediately by the authority in the following cases, when  
29 the beneficiary of the grant has lived in and occupied the  
30 property for less than five continuous years.

31 a. If the purchaser, at any future time, resells the  
32 property to a family that is not eligible for assistance un-  
33 der this section.

34 b. If the property is totally destroyed and insurance  
35 settlement is made.

1       Sec. 7. Section two hundred twenty point fourteen (220.14),  
2 Code 1977, is amended by striking the section and inserting  
3 in lieu thereof the following:

4       220.14 IOWA HOMESTEADING PROGRAM.

5       1. The Iowa homesteading program is established under  
6 the supervision of the authority to alleviate problems of  
7 slums and blighted areas, to provide for rehabilitation of  
8 deteriorating housing, and to provide the opportunity to  
9 rehabilitate and occupy such housing, to low and moderate  
10 income families, all of which are deemed to be public purposes.  
11 The authority may establish homesteading projects in any part  
12 of the state, subject to approval of the local governing body;  
13 and, in cooperation with suitable local agencies, the authority  
14 may provide financial and technical assistance to housing  
15 sponsors for the establishment and implementation of  
16 homesteading projects which meet the requirements of this  
17 chapter, and the authority may cooperate with similar local  
18 projects to provide housing.

19       2. Homesteading projects which meet the requirements of  
20 this chapter may be designated as Iowa homesteading projects  
21 by the authority. Conditional conveyance and subsequent  
22 absolute conveyance of fee simple title to real property to  
23 a homesteading applicant for the purpose of ownership and  
24 cancellation of back taxes, penalties, interest and costs,  
25 shall be subject to inclusion of such real property in a  
26 designated Iowa homesteading project. Such cancellation shall  
27 be effective solely on the basis of such designation,  
28 notwithstanding any other financial, technical or principal  
29 involvement by the authority in the designated homesteading  
30 project.

31       3. The authority may provide property improvement or  
32 mortgage loans to facilitate designed Iowa homesteading  
33 projects. Such loans may be for the purpose of financing  
34 acquisition, improvement or rehabilitation of housing included  
35 in a designated homesteading project. Such loans shall be

1 made only upon property for which a conditional conveyance  
2 will be granted. The interest rates, security requirements  
3 and other terms of such loans shall be established by the  
4 authority and shall be as low as practical considering market  
5 conditions.

6 a. The housing sponsor of the designated homesteading  
7 project shall agree to:

8 (1) Approval of homesteading applicants on a first-in-  
9 time is first-in-right basis, unless probability of success  
10 with a subsequent applicant is substantially higher. In cases  
11 of two or more applicants for a single property, priority  
12 may be given to a resident of the city or county where the  
13 property is located, or to the applicant with the lowest  
14 income who is otherwise qualified.

15 (2) Assistance to approved applicants in seeking and  
16 obtaining counseling and financial assistance from appropriate  
17 sources during homesteading, and for a period of three years  
18 after the date of absolute conveyance.

19 (3) Conditional conveyance of unoccupied residential  
20 property to the applicant with or without any substantial  
21 consideration, which consideration may include the value of  
22 work performed by the applicant in rehabilitating the property  
23 during the period of the conditional conveyance.

24 (4) Arrangement of local supervision and administration  
25 of the designated homesteading project, including announced  
26 quarterly inspections of homesteads during rehabilitation.

27 (5) Revocation of the conditional conveyance, at option  
28 of the authority, upon any material breach of the agreement  
29 between the housing sponsor and the authority.

30 (6) Repossession of property, subject to authority approval  
31 and upon proper notice and hearing unless waived in writing  
32 by the homesteading applicant, for unreasonable failure to  
33 complete rehabilitation as agreed upon at the time of  
34 conditional conveyance.

35 (7) Absolute conveyance of fee simple title to the

1 applicant, upon satisfactory completion of rehabilitation  
2 and arrangement of mortgage financing from the authority or  
3 other institutions, as appropriate.

4 b. An approved applicant for a designated homesteading  
5 project shall:

6 (1) Agree to rehabilitate the property to meet applicable  
7 building or housing code standards within a two-year period  
8 after conditional conveyance. However, the two-year period  
9 may be extended for just cause.

10 (2) Agree to live in and occupy the homesteading property  
11 for five continuous years from the date of conditional  
12 conveyance. Such agreement may be waived by mutual agreement  
13 of the authority, the housing sponsor, and the applicant.

14 c. The authority may:

15 (1) Encourage homesteading sponsors and participating  
16 political subdivisions to coordinate approaches to neighborhood  
17 and area wide improvement through upgrading the public services  
18 and facilities through a designated Iowa homesteading project.

19 (2) Recommend legislation to provide appropriate exemptions  
20 from real property tax laws for properties included in a  
21 designated homesteading project.

22 (3) Recommend temporary suspension or temporary or  
23 permanent modification of building and housing code  
24 requirements to the extent necessary to permit safe and  
25 economical rehabilitation of housing included in a designated  
26 homesteading project.

27 Sec. 8. Section two hundred twenty point seventeen  
28 (220.17), unnumbered paragraphs one (1), two (2) and three  
29 (3), Code 1977, are amended to read as follows:

30 ~~The authority may establish a fund to be known as the~~  
31 ~~"emergency housing fund" to be administered by the authority~~  
32 ~~separate and distinct from other moneys or funds administered~~  
33 ~~by the authority.~~

34 ~~The emergency housing fund may be comprised of the proceeds~~  
35 ~~of appropriations, grants and other contributions and the~~

1 authority-is-authorized-to-accept-contributions-to-the-fund  
2 from-any-source-

3 The emergency-housing-fund authority may be-used-to make  
4 grants and temporary loans at interest rates and terms as  
5 determined by the authority, for the following purposes:

6 Sec. 9. Section two hundred twenty point eighteen (220.18),  
7 Code 1977, is amended to read as follows:

8 220.18 SPECIAL HOUSING ASSISTANCE FUND. ~~The authority~~  
9 ~~may-establish-a-revolving-fund-to-be-known-as-the-"housing~~  
10 ~~assistance-fund",-to-be-administered-by-the-authority-as-a~~  
11 ~~trust-fund-separate-and-distinct-from-other-moneys-or-funds~~  
12 ~~administered-by-the-authority-~~

13 ~~The-housing-assistance-fund-may-be-comprised-of-the-proceeds~~  
14 ~~of-appropriations,-grants-and-other-contributions,-earnings~~  
15 ~~accruing-to-the-authority,-surplus-moneys-transferred-as~~  
16 ~~provided-in-section-220-40,-and-of-fund-notes-issued-by-the~~  
17 ~~authority-as-provided-in-section-220-49,-and-the-authority~~  
18 ~~is-authorized-to-accept-contributions-to-the-fund-from-any~~  
19 ~~source-~~

20 1. The housing-assistance-fund authority may be-used-to  
21 make temporary loans at interest rates and terms as determined  
22 by the authority, ~~for-the-following-purposes-~~

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

35 a. Payments for options to purchase properties on the

1 proposed housing site, deposits on contracts of purchase,  
2 or, with approval of the authority, payments for the purchas-  
3 ing of such properties.

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

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

9 d. Expenses for tenant surveys and market analysis.

10 e. Necessary application and other fees.

11 2. ~~Fe~~ The authority may make or participate in the making  
12 of property improvement loans or mortgage loans for

13 rehabilitation or preservation of existing dwellings for the  
14 use of low or moderate income families, elderly families or  
15 families which include one or more persons who are handicapped

16 or disabled. A rehabilitation or preservation loan may be  
17 for the estimated cost of the rehabilitation work to be done,

18 for the purpose of refinancing an existing mortgage loan,  
19 for the purpose of doing the rehabilitation work, or for the

20 purpose of acquiring housing in which rehabilitation work

21 is to be done. The rehabilitation or preservation loan shall  
22 not exceed, with all other existing indebtedness of the

23 property, the estimated market value of the property as  
24 determined by the authority, after the rehabilitation or

25 preservation is completed, and the term of a loan shall not  
26 exceed the estimated useful life of the property as determined

27 by the authority, after rehabilitation or preservation. The  
28 proposed rehabilitation or preservation shall assure that

29 the property will not contain any substantial violation of  
30 applicable housing codes. A rehabilitation or preservation

31 loan under this subsection may be made only when the authority  
32 determines that the proposed mortgagor is unable to obtain

33 the necessary financing from other sources upon terms and  
34 conditions which the proposed mortgagor reasonably could be

35 expected to fulfill. A rehabilitation or preservation loan

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

12 a. The degree of blight, decay or deterioration of hous-  
13 ing or the imminent threat of blight, decay or deterioration  
14 of housing within the area.

15 b. The degree to which financing for repairs, remodel-  
16 ing or rehabilitation of housing within the area is avail-  
17 able.

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 pro-  
21 posed occupants of the housing, including resources avail-  
22 able to them under this chapter or other federal, state, and  
23 local laws and programs, provide reasonable assurances of  
24 the economic feasibility of the financing of rehabilitation  
25 or preservation.

26 e. The expressed commitment of the city to provide a con-  
27 centrated effort to enforce the applicable housing codes  
28 within the area.

29 f. The expressed commitment of the city to provide capi-  
30 tal improvements and other city services so as to stabilize,  
31 improve and restore the neighborhood.

32 Sec. 10. Section two hundred twenty point twenty-six  
33 (220.26), Code 1977, is amended by adding the following new  
34 subsection:

35 NEW SUBSECTION. The authority may make or participate

1 in the making of loans to housing sponsors to provide interim  
2 construction financing for the construction or rehabilitation  
3 of adequate housing for low or moderate income persons or  
4 families, elderly persons or families, and persons or families  
5 which include one or more persons who are handicapped or dis-  
6 abled, and of noninstitutional residential care facilities.  
7 An interim construction loan may be made under this section  
8 only if the loan is the subject of a commitment from an agen-  
9 cy or instrumentality of the United States government or from  
10 the authority, to provide long-term financing for the mort-  
11 gage loan and interim construction advances made under the  
12 interim construction loan will be insured or guaranteed by  
13 an agency or instrumentality of the United States govern-  
14 ment.

15 Sec. 11. This Act is effective January 1, 1978.

16 EXPLANATION

17 This bill amends the definition of families to clarify  
18 the status of single persons eligible to housing assistance,  
19 provides for property improvement loans, consolidates the  
20 existing three funds which may be established by the authority  
21 into one loan and grant fund, and amends provisions relating  
22 to lease-purchase agreements and the homesteading program.  
23 The purpose of the bill is to clarify the meaning of various  
24 provisions of the present law and improve and simplify  
25 administrative procedures.

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LSB 1044H  
tj/jw/5

H-5686

1 Amend amendment H-5420 to House File 602 as  
2 follows:

3 1. Page 1, by striking lines 2 through 5 and  
4 inserting in lieu thereof the following:

5 "1. Page 1, by striking lines 11 through 14 and  
6 inserting in lieu thereof the following:

7 NEW SUBSECTION. "Property improvement loan" means  
8 a financial obligation secured by collateral acceptable  
9 to the authority, the proceeds of which shall be used  
10 for improvement or rehabilitation of housing which is  
11 deemed by the authority to be substandard in its pro-  
12 tective coatings or its structural, plumbing, heating,  
13 cooling, or electrical systems; and regardless of the  
14 condition of the property the term "property improvement  
15 loan" may include loans to increase the energy effec-  
16 tency of housing or to finance solar or other renewable  
17 energy systems for use in that housing."

H-5686 FILED *adopted 2/16* BY EVANS of Grundy  
MARCH 16, 1978 *(p. 1035)* CUSACK of Scott  
WELDEN of Hardin  
MIDDLESWART of Warren  
O'HALLORAN of Black Hawk  
SVOBODA of Iowa  
DOYLE of Woodbury  
VARLEY of Adair

## HOUSE FILE 602

H-5688

1 Amend House File 602 as follows:

2 1. Page 4, by inserting after line 1, the fol-  
3 lowing new subsection:

4 " \_\_\_\_\_ . The authority may require as a condition  
5 of a property improvement loan that the improvements  
6 to be made therewith shall include bringing the pro-  
7 perty into compliance with thermal efficiency stand-  
8 ards established by the state building code commiss-  
9 ioner for existing structures or into compliance with  
10 such other thermal efficiency standards as the auth-  
11 ority may deem appropriate."

12 2. Page 4, by inserting after line 1, the fol-  
13 lowing new subsection:

14 " \_\_\_\_\_ . The authority may make property improve-  
15 ment loans which will benefit other than low or mod-  
16 erate income families when the purpose of the loans  
17 is to increase the energy efficiency of housing or to  
18 finance solar or other renewable energy systems for  
19 use in that housing."

H-5688 FILED BY EVANS of Grundy  
MARCH 16, 1978 CUSACK of Scott  
*A. Adopted; B. lost* WELDEN of Hardin  
*2/16 (p. 1037)* MIDDLESWART of Warren  
*Motion to reconsider* O'HALLORAN of Black Hawk  
*(p. 1044)* SVOBODA of Iowa  
*Motion lost 3/22 (1123)* DOYLE of Woodbury  
VARLEY of Adair

## HOUSE FILE 602

H-5687

1 Amend amendment H-5420, to House File 602, as  
 2 follows:  
 3 1. Page 2, by striking all of lines 22 through  
 4 27 and inserting in lieu thereof the following:  
 5 "funds for achievement of its corporate purposes  
 6 the payment of interest on its bonds and notes, the  
 7 establishment of reserves to secure its bonds and  
 8 notes, and all other expenditures of the authority  
 9 incident to and necessary or convenient to carry out  
 10 its purposes and powers. The principal amount of any  
 11 bonds issued by the authority after January 1,  
 12 1979 shall not be used to pay interest or principal  
 13 on any bonds issued by the authority. However, the  
 14 authority may".

H-5687 FILED *W/D 3/22 (1122)* BY WELDEN of Hardin  
 MARCH 16, 1978 EVANS of Grundy  
 CUSACK of Scott

## HOUSE FILE 602

H-5575

1 Amend amendment H-5420, to House File 602, as  
 2 follows:  
 3 1. Page 2, by striking all of lines 22 through  
 4 27 and inserting in lieu thereof the following:  
 5 "funds for achievement of its corporate purposes  
 6 the payment of interest on its bonds and notes, the  
 7 establishment of reserves to secure its bonds and  
 8 notes, and all other expenditures of the authority  
 9 incident to and necessary or convenient to carry out  
 10 its purposes and powers. The principal amount of any  
 11 bonds authorized by the authority after April 1, 1978  
 12 shall not be used to pay interest or principal on any  
 13 bonds issued by the authority. However, the authority  
 14 may".

H-5575 FILED *W/D 3/16* BY WELDEN of Hardin  
 MARCH 7, 1978 *(p.1035)* EVANS of Grundy

## HOUSE FILE 602

H-5579

1 Amend House File 602 as follows:  
 2 1. Page 1, line 12 by striking the words "that  
 3 may be".

H-5579 FILED *W/D 3/22* BY WELDEN of Hardin  
 MARCH 7, 1978 *(1122)*

1 Amend House File 602 as follows:

2 1. Page 1, line 14, by inserting after the word  
 3 "housing" the words "including, but not limited to,  
 4 solar or wind energy devices or energy efficiency  
 5 or conservation improvements".

6 2. Page 1, by inserting after line 14 the  
 7 following:

8 "Sec. \_\_\_\_ . Section two hundred twenty point two  
 9 (220.2), subsection one (1), Code 1977, is amended  
 10 to read as follows:

11 1. The Iowa housing finance authority is  
 12 established, and constituted a public instrumentality  
 13 and agency of the state exercising public and essential  
 14 governmental functions, established to undertake  
 15 programs which assist in attainment of adequate housing  
 16 for low or moderate income families, elderly families,  
 17 families which include one or more persons who are  
 18 handicapped or disabled, and the Iowa homesteading  
 19 program. The powers of the authority shall be vested  
 20 in and exercised by a board of nine members appointed  
 21 by the governor with the approval of two-thirds of  
 22 the members of the senate. No more than five members  
 23 shall belong to the same political party. Any  
 24 ~~individual or organization may submit the names of~~  
 25 ~~nominees for membership to the governor in writing~~  
 26 ~~within thirty days of the effective date of this~~  
 27 ~~section, but the governor is not bound to select the~~  
 28 ~~members from the nominees submitted.~~ As far as  
 29 possible the governor shall include within the  
 30 membership persons ~~determined by him to~~ who represent  
 31 ~~the following interests:~~

- 32 a--~~Community and housing development industries.~~
- 33 b--~~Housing finance industries.~~
- 34 c--~~Real estate sales industry.~~
- 35 d--~~Elderly families.~~
- 36 e--~~Minorities.~~
- 37 f--~~Lower income families.~~
- 38 g--~~Very low income families.~~
- 39 h--~~Handicapped and disabled families.~~
- 40 i--~~Average taxpayer.~~

41 community and housing development industries, housing  
 42 finance industries, real estate sales industry, elderly  
 43 families, minorities, lower income families, very  
 44 low income families, handicapped and disabled families,  
 45 average taxpayers, local government, and any other  
 46 person specially interested in community housing."

47 3. Page 1, by inserting after line 21 the  
 48 following:

49 "Sec. \_\_\_\_ . Section two hundred twenty point six  
 50 (220.6), subsection two (2), Code 1977, is amended

c 1 to read as follows:  
 2 2. The executive director shall advise the  
 3 authority on matters relating to housing and housing  
 4 finance, carry out all directives from the authority,  
 5 and hire and supervise the authority's staff pursuant  
 6 to its directions and under the provisions of chapter  
 7 19A, except that principal administrative assistants  
 8 with responsibilities in housing development,  
 9 accounting, mortgage loan processing, and investment  
 10 portfolio management shall be exempt."

11 4. Page 10, by inserting after line 31 the  
 12 following:

13 "Sec. \_\_\_\_\_. Section two hundred twenty point  
 14 twenty-one (220.21), Code 1977, is amended by striking  
 15 subsection eight (8).

16 Sec. \_\_\_\_\_. Section two hundred twenty point twenty-  
 17 six (220.26), subsection one (1), Code 1977, is amended  
 18 to read as follows:

19 1. The authority may issue its negotiable bonds  
 20 and notes in principal amounts as, in the opinion  
 21 of the authority, are necessary to provide sufficient  
 22 funds for achievement of its corporate purposes, the  
 23 payment of interest on its bonds and notes, the  
 24 establishment of reserves to secure its bonds and  
 25 notes, and all other expenditures of the authority  
 26 incident to and necessary or convenient to carry out  
 27 its purposes and powers. However, the authority may  
 28 not have a total principal amount of bonds and notes  
 29 outstanding at any time in excess of one two hundred  
 30 fifty million dollars. The bonds and notes shall  
 31 be deemed to be investment securities and negotiable  
 32 instruments within the meaning of and for all purposes  
 33 of the uniform commercial code."

34 5. Page 11, by striking line 15.

35 6. By renumbering sections to conform to this  
 36 amendment.

H-5420 FILED

BY COMMITTEE ON HUMAN RESOURCES

FEBRUARY 22, 1978

WALTER of Pottawattamie, Chair

- a. adopted as amended by 5686 3/16 (p. 1035)
- B. adopted 3/16 (1035)
- C. adopted as amended by inserting a comma, page 2, line 8, after "development"
- D. adopted 3/16 (1035)
- E. adopted 3/22 (1122)
- F. adopted 3/16 (1036)

HOUSE FILE 602

H-5708

1 Amend House File 602 as follows:

2 1. Page 1, line 2, by inserting after the word "a,"  
3 the words "and subsection eleven (11), paragraph a".

4 2. Page 1, by inserting after line 8 the following:

5 "11. a. "Housing" means single family and multifamily  
6 dwellings, and facilities incidental or appurtenant to  
7 the dwellings, and includes noninstitutional residential  
8 care facilities and shall also include a modular or  
9 mobile home which is permanently affixed to a foundation  
10 and is assessed as realty."

H-5708 FILED *Adopted* BY MILLER of Buchanan  
MARCH 20, 1978 *2/22 (p. 1122)*

HOUSE FILE 602

H-5729

1 Amend House File 602 as follows:

2 1. Page 11 by adding after line 14 the follow-  
3 ing:

4 "Sec. \_\_\_\_\_. Section two hundred twenty point  
5 twenty-seven (220.27), Code 1977, is amended by add-  
6 ing the following new subsection:

7 NEW SUBSECTION. The authority shall cause to be  
8 delivered to the legislative fiscal committee within  
9 ninety (90) days of the close of its fiscal year its  
10 annual report certified by an independent certified  
11 public accountant (who may be the accountant or a mem-  
12 ber of the firm of accountants who regularly audits  
13 the books and accounts of the authority) selected by  
14 the authority. In the event that the principal amount  
15 of any bonds or notes deposited in a bond reserve fund  
16 is withdrawn for payment of principal or interest  
17 thereby reducing the amount of that fund to less than  
18 the bond reserve fund requirement, the authority shall  
19 immediately notify the general assembly of this event  
20 and shall thereafter take steps to restore such bond  
21 reserve to the bond reserve fund requirement for that  
22 fund from any amounts available, other than principal  
23 of a bond issue, which are not pledged to the payment  
24 of other bonds or notes."

H-5729 FILED *Adopted* BY WELDEN of Hardin  
MARCH 21, 1978 *3/22 (p. 1123)*

*See State Gov. 4/4 D. page 4/6 (p. 813)*

HOUSE FILE 602

State Government  
Carr, Chairperson  
Kelly  
Doderer

HOUSE FILE 602

By CUSACK

(As Amended and Passed by the House)

Passed House, Date 4-18-78 (p. 1596) Passed Senate, Date 4-13-78 (p. 870)

Vote: Ayes 89 Nays 3 Vote: Ayes 43 Nays 3

Approved 6-22-78  
*Motion to reconsider*

# A BILL FOR

1 An Act to amend the Iowa housing finance authority relating  
2 to the eligibility of applicants, property improvement  
3 loans, lease-purchase agreements, homesteading, and a  
4 loan and grant fund.

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

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House Amendments

1 Section 1. Section two hundred twenty point one (220.1),  
2 subsection six (6), paragraph a, and subsection eleven (11),  
3 paragraph a Code 1977, is amended to read as follows:

4 a. "Families" includes but is not limited to families  
5 consisting of a single adult person in-the-case-of-a-person  
6 who is primarily responsible for his or her own support, is  
7 at least sixty-two years of age, is disabled, is handicapped,  
8 is displaced, or is the remaining member of a tenant family.

9 11. a. "Housing" means single family and multifamily  
10 dwelling, and facilities incidental or appurtenant to the  
11 dwelling, and includes noninstitutional residential care  
12 facilities and shall also include a modular or mobile home  
13 which is permanently affixed to a foundation and is assessed  
14 as realty.

15 Sec. 2. Section two hundred twenty point one (220.1),  
16 Code 1977, is amended by adding the following new subsection:

17 NEW SUBSECTION. "Property improvement loan" means a  
18 financial obligation secured by collateral acceptable to the  
19 authority, the proceeds of which shall be used for improvement  
20 or rehabilitation of housing which is deemed by the authority  
21 to be substandard in its protective coatings or its structural,  
22 plumbing, heating, cooling, or electrical systems; and  
23 regardless of the condition of the property the term "property  
24 improvement loan" may include loans to increase the energy  
25 efficiency of housing or to finance solar or other renewable  
26 energy systems for use in that housing.

27 Sec. 3. Section two hundred twenty point two (220.2),  
28 subsection one (1), Code 1977, is amended to read as follows:

29 1. The Iowa housing finance authority is established, and  
30 constituted a public instrumentality and agency of the state  
31 exercising public and essential governmental functions,  
32 established to undertake programs which assist in attainment  
33 of adequate housing for low or moderate income families,  
34 elderly families, families which include one or more persons  
35 who are handicapped or disabled, and the Iowa homesteading

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

12 a. Community and housing development industries.

13 b. Housing finance industries.

14 c. Real estate sales industry.

15 d. Elderly families.

16 e. Minorities.

17 f. Lower income families.

18 g. Very low income families.

19 h. Handicapped and disabled families.

20 i. Average taxpayer.

21 community and housing development industries, housing finance  
 22 industries, real estate sales industry, elderly families,  
 23 minorities, lower income families, very low income families,  
 24 handicapped and disabled families, average taxpayers, local  
 25 government, and any other person specially interested in  
 26 community housing.

27 Sec. 4. Section two hundred twenty point four (220.4),  
 28 Code 1977, is amended by adding the following new subsection:

29 NEW SUBSECTION. The authority shall exercise diligence  
 30 and care in selection of projects to receive its assistance,  
 31 and shall apply customary and acceptable business and lending  
 32 standards in selection and subsequent implementation of such  
 33 projects.

34 Sec. 5. Section two hundred twenty point six (220.6),  
 35 subsection two (2), Code 1977, is amended to read as follows:

1     2. The executive director shall advise the authority on  
 2 matters relating to housing and housing finance, carry out  
 3 all directives from the authority, and hire and supervise  
 4 the authority's staff pursuant to its directions and under  
 5 the provisions of chapter 19A, except that principal  
 6 administrative assistants with responsibilities in housing  
 5552- 7 development accounting, mortgage loan processing, and  
 8 investment portfolio management shall be exempt.

9     Sec. 6. Section two hundred twenty point ten (220.10),  
 10 Code 1977, is amended to read as follows:

11     220.10 SURPLUS MONEYS--LOAN AND GRANT FUND.

12     1. All moneys declared by the authority to be surplus  
 13 moneys which are not required to service bonds and notes is-  
 14 sued by the authority, to pay administrative expenses of the  
 15 authority, or to accumulate necessary operating or loss  
 16 reserves, shall be used by the authority to provide grants,  
 17 subsidies, and services to lower income families and very  
 18 low income families through any of the programs authorized  
 19 in this chapter.

20     2. The authority may establish a loan and grant fund which  
 21 may be comprised of the proceeds of appropriations, grants,  
 22 contributions, surplus moneys transferred as provided in this  
 23 section and repayment of authority loans made from such fund.

24     Sec. 7. Section two hundred twenty point twelve (220.12),  
 25 Code 1977, is amended to read as follows:

26     220.12 PROPERTY IMPROVEMENT LOANS AND MORTGAGE LOANS.

27     1. The authority may make property improvement loans and  
 28 mortgage loans, including but not limited to mortgage loans  
 29 insured, guaranteed, or otherwise secured by the federal gov-  
 30 ernment or by private mortgage insurers, to housing sponsors  
 31 to provide long-term financing for the purchase, or re-  
 32 habilitation of adequate housing for low or moderate income  
 33 families, elderly families, families which include one or  
 34 more persons who are handicapped or disabled, and noninstitu-  
 35 tional residential care facilities.

1 2. A property improvement loan or mortgage loan under  
2 this section may be made only when the authority determines  
3 that the housing sponsor is unable to obtain the necessary  
4 financing from other sources upon terms and conditions which  
5 the sponsor reasonably could be expected to fulfill.

6 3. The authority shall make and execute contracts with  
7 mortgage lenders for the servicing of property improvement  
8 loans and mortgage loans made under this section. The  
9 authority may pay the reasonable value of services rendered  
10 pursuant to such contracts.

11 4. Mortgage loans and property improvement loans shall  
12 contain terms and provisions including interest rates, and  
13 be in a form as established by rules of the authority. The  
14 authority shall require the housing sponsor to execute  
15 assurances and guarantees reasonably related to protecting  
16 the security of the mortgage loan, as the authority deems  
17 necessary.

18 5. In considering an application for a property improve-  
19 ment loan or mortgage loan under this section, the authority  
20 shall determine that the housing will be adequate and provide  
21 for the special needs of families of low or moderate income,  
22 elderly families, or families which include one or more per-  
23 sons who are handicapped or disabled, or will meet state stan-  
24 dards for noninstitutional residential care facilities, and  
25 shall also give consideration to:

26 a. The comparative need for housing or noninstitutional  
27 residential care facilities in the area.

28 b. The ability of the applicant to operate, manage and  
29 maintain the proposed housing.

30 6. Each property improvement loan or mortgage loan shall  
31 be subject to an agreement between the authority and the  
32 housing sponsor which will subject the housing sponsor to  
33 limitations established by the authority as to rentals and  
34 other charges, builders' and developers' profits and fees,  
35 and dispositions of interests in the property mortgaged, in-

1 cluding provisions to prohibit assumption of a mortgage without  
2 permission of the mortgagee.

3 7. As a condition of a property improvement loan or  
4 mortgage loan, the authority may, upon reasonable notice,  
5 during construction or rehabilitation of the housing and  
6 during its operation:

7 a. Enter upon and inspect the physical condition of the  
8 premises, examine books and records of the housing sponsor,  
9 and impose fees to cover the cost of the inspections and  
10 examinations.

11 b. Require alterations or repairs as necessary to pro-  
12 tect the security of its investment and the welfare of the  
13 occupants, and to insure that the housing is in conformity  
14 with applicable federal, state and local laws.

15 c. Require whatever action is necessary to comply with  
16 applicable federal, state and local laws, and file and prose-  
17 cute a complaint or seek injunctive relief for a violation  
18 of applicable federal, state or local laws.

19 8. A property improvement loan or mortgage loan may be  
20 prepaid to maturity after a period of years as determined  
21 by rule of the authority, if the authority determines that  
22 the prepayment will not result in a material escalation of  
23 rents or fees charged to the occupants.

24 9. The authority may require as a condition of a property  
25 improvement loan that the improvements to be made therewith  
26 shall include bringing the property into compliance with  
27 thermal efficiency standards established by the state building  
28 code commissioner for existing structures or into compliance  
29 with such other thermal efficiency standards as the authority  
30 may deem appropriate.

31 Sec. 8. Section two hundred twenty point thirteen (220.13),  
32 Code 1977, is amended by striking the section and inserting  
33 in lieu thereof the following:

34 220.13 LEASE-PURCHASE AGREEMENTS. In order to encourage  
35 eventual home ownership by low or moderate income families

1 who are able to establish home ownership capability by showing  
2 regularity of payment and property maintenance, the authority  
3 may assist in the provision of housing to such families by  
4 means of down payment grants made pursuant to the lease-  
5 purchase program.

6 1. To the extent funds are available, the authority may  
7 provide down payment grants on behalf of low and moderate  
8 income families to nonprofit sponsors to defray all or part  
9 of the down payment on real property that is transferred by  
10 such sponsors to such families under the terms of the lease-  
11 purchase program.

12 2. To qualify for a down payment grant, the tenant shall  
13 have occupied the property for at least one year, have per-  
14 formed all routine maintenance, and have made all lease or  
15 rental payments on time and in full, during the year ending  
16 on the date of transfer.

17 3. Not more than thirty days prior to transfer of a prop-  
18 erty, an independent appraisal of such property shall be  
19 obtained, and the down payment shall not exceed ten percent  
20 of the lesser of the appraised value or agreed upon price.

21 4. Such down payment grant may be collectible in full  
22 and immediately by the authority in the following cases, when  
23 the beneficiary of the grant has lived in and occupied the  
24 property for less than five continuous years.

25 a. If the purchaser, at any future time, resells the  
26 property to a family that is not eligible for assistance un-  
27 der this section.

28 b. If the property is totally destroyed and insurance  
29 settlement is made.

30 Sec. 9. Section two hundred twenty point fourteen (220.14),  
31 Code 1977, is amended by striking the section and inserting  
32 in lieu thereof the following:

33 220.14 IOWA HOMESTEADING PROGRAM.

34 1. The Iowa homesteading program is established under  
35 the supervision of the authority to alleviate problems of

1 slums and blighted areas, to provide for rehabilitation of  
2 deteriorating housing, and to provide the opportunity to  
3 rehabilitate and occupy such housing, to low and moderate  
4 income families, all of which are deemed to be public purposes.  
5 The authority may establish homesteading projects in any part  
6 of the state, subject to approval of the local governing body;  
7 and, in cooperation with suitable local agencies, the authority  
8 may provide financial and technical assistance to housing  
9 sponsors for the establishment and implementation of  
10 homesteading projects which meet the requirements of this  
11 chapter, and the authority may cooperate with similar local  
12 projects to provide housing.

13 2. Homesteading projects which meet the requirements of  
14 this chapter may be designated as Iowa homesteading projects  
15 by the authority. Conditional conveyance and subsequent  
16 absolute conveyance of fee simple title to real property to  
17 a homesteading applicant for the purpose of ownership and  
18 cancellation of back taxes, penalties, interest and costs,  
19 shall be subject to inclusion of such real property in a  
20 designated Iowa homesteading project. Such cancellation shall  
21 be effective solely on the basis of such designation,  
22 notwithstanding any other financial, technical or principal  
23 involvement by the authority in the designated homesteading  
24 project.

25 3. The authority may provide property improvement or  
26 mortgage loans to facilitate designed Iowa homesteading  
27 projects. Such loans may be for the purpose of financing  
28 acquisition, improvement or rehabilitation of housing included  
29 in a designated homesteading project. Such loans shall be  
30 made only upon property for which a conditional conveyance  
31 will be granted. The interest rates, security requirements  
32 and other terms of such loans shall be established by the  
33 authority and shall be as low as practical considering market  
34 conditions.

35 a. The housing sponsor of the designated homesteading

1 project shall agree to:

2 (1) Approval of homesteading applicants on a first-in-  
3 time is first-in-right basis, unless probability of success  
4 with a subsequent applicant is substantially higher. In cases  
5 of two or more applicants for a single property, priority  
6 may be given to a resident of the city or county where the  
7 property is located, or to the applicant with the lowest  
8 income who is otherwise qualified.

9 (2) Assistance to approved applicants in seeking and  
10 obtaining counseling and financial assistance from appropriate  
11 sources during homesteading, and for a period of three years  
12 after the date of absolute conveyance.

13 (3) Conditional conveyance of unoccupied residential  
14 property to the applicant with or without any substantial  
15 consideration, which consideration may include the value of  
16 work performed by the applicant in rehabilitating the property  
17 during the period of the conditional conveyance.

18 (4) Arrangement of local supervision and administration  
19 of the designated homesteading project, including announced  
20 quarterly inspections of homesteads during rehabilitation.

21 (5) Revocation of the conditional conveyance, at option  
22 of the authority, upon any material breach of the agreement  
23 between the housing sponsor and the authority.

24 (6) Repossession of property, subject to authority approval  
25 and upon proper notice and hearing unless waived in writing  
26 by the homesteading applicant, for unreasonable failure to  
27 complete rehabilitation as agreed upon at the time of  
28 conditional conveyance.

29 (7) Absolute conveyance of fee simple title to the  
30 applicant, upon satisfactory completion of rehabilitation  
31 and arrangement of mortgage financing from the authority or  
32 other institutions, as appropriate.

33 b. An approved applicant for a designated homesteading  
34 project shall:

35 (1) Agree to rehabilitate the property to meet applicable

1 building or housing code standards within a two-year period  
 2 after conditional conveyance. However, the two-year period  
 3 may be extended for just cause.

4 (2) Agree to live in and occupy the homesteading property  
 5 for five continuous years from the date of conditional  
 6 conveyance. Such agreement may be waived by mutual agreement  
 7 of the authority, the housing sponsor, and the applicant.

8 c. The authority may:

9 (1) Encourage homesteading sponsors and participating  
 10 political subdivisions to coordinate approaches to neighborhood  
 11 and area wide improvement through upgrading the public services  
 12 and facilities through a designated Iowa homesteading project.

13 (2) Recommend legislation to provide appropriate exemptions  
 14 from real property tax laws for properties included in a  
 15 designated homesteading project.

16 (3) Recommend temporary suspension or temporary or  
 17 permanent modification of building and housing code  
 18 requirements to the extent necessary to permit safe and  
 19 economical rehabilitation of housing included in a designated  
 20 homesteading project.

21 Sec. 10. Section two hundred twenty point seventeen  
 22 (220.17), unnumbered paragraphs one (1), two (2) and three  
 23 (3), Code 1977, are amended to read as follows:

24 ~~The authority may establish a fund to be known as the~~  
 25 ~~"emergency housing fund" to be administered by the authority~~  
 26 ~~separate and distinct from other moneys or funds administered~~  
 27 ~~by the authority.~~

28 ~~The emergency housing fund may be comprised of the proceeds~~  
 29 ~~of appropriations, grants and other contributions and the~~  
 30 ~~authority is authorized to accept contributions to the fund~~  
 31 ~~from any source.~~

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

35 Sec. 11. Section two hundred twenty point eighteen

1 (220.18), Code 1977, is amended to read as follows:

2     220.18 SPECIAL HOUSING ASSISTANCE FUND. The authority  
3 may establish a revolving fund to be known as the "housing  
4 assistance fund", to be administered by the authority as a  
5 trust fund separate and distinct from other moneys or funds  
6 administered by the authority.

7     The housing assistance fund may be comprised of the proceeds  
8 of appropriations, grants and other contributions, earnings  
9 accruing to the authority, surplus moneys transferred as  
10 provided in section 220.18, and of fund notes issued by the  
11 authority as provided in section 220.19, and the authority  
12 is authorized to accept contributions to the fund from any  
13 source.

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

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

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

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

1 c. Payment of fees for preliminary feasibility studies  
2 and advances for planning, engineering and architectural work.  
3 d. Expenses for tenant surveys and market analysis.  
4 e. Necessary application and other fees.

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

1 is inappropriate. The following criteria, along with others  
2 reasonably related to the purposes of this chapter, which  
3 may be determined by the authority, shall be considered in  
4 determining whether an affirmative neighborhood preservation  
5 program is satisfactory:

6 a. The degree of blight, decay or deterioration of hous-  
7 ing or the imminent threat of blight, decay or deterioration  
8 of housing within the area.

9 b. The degree to which financing for repairs, remodel-  
10 ing or rehabilitation of housing within the area is avail-  
11 able.

12 c. The proportion of residential structures within the  
13 area which are owner-occupied.

14 d. The degree to which the financial resources of pro-  
15 posed occupants of the housing, including resources avail-  
16 able to them under this chapter or other federal, state, and  
17 local laws and programs, provide reasonable assurances of  
18 the economic feasibility of the financing of rehabilitation  
19 or preservation.

20 e. The expressed commitment of the city to provide a con-  
21 centrated effort to enforce the applicable housing codes  
22 within the area.

23 f. The expressed commitment of the city to provide capi-  
24 tal improvements and other city services so as to stabilize,  
25 improve and restore the neighborhood.

26 Sec. 12. Section two hundred twenty point twenty-one  
27 (220.21), Code 1977, is amended by striking subsection eight  
28 (8).

29 Sec. 13. Section two hundred twenty point twenty-six  
30 (220.26), subsection one (1), Code 1977, is amended to read  
31 as follows:

32 1. The authority may issue its negotiable bonds and notes  
33 in principal amounts as, in the opinion of the authority,  
34 are necessary to provide sufficient funds for achievement  
35 of its corporate purposes, the payment of interest on its

1 bonds and notes, the establishment of reserves to secure its  
2 bonds and notes, and all other expenditures of the authority  
3 incident to and necessary or convenient to carry out its  
4 purposes and powers. However, the authority may not have  
5 a total principal amount of bonds and notes outstanding at  
6 any time in excess of one two hundred fifty million dollars.  
7 The bonds and notes shall be deemed to be investment securities  
8 and negotiable instruments within the meaning of and for all  
9 purposes of the uniform commercial code.

10 Sec. 14. Section two hundred twenty point twenty-six  
11 (220.26), Code 1977, is amended by adding the following new  
12 subsection:

13 NEW SUBSECTION. The authority may make or participate  
14 in the making of loans to housing sponsors to provide interim  
15 construction financing for the construction or rehabilitation  
16 of adequate housing for low or moderate income persons or  
17 families, elderly persons or families, and persons or families  
18 which include one or more persons who are handicapped or dis-  
19 abled, and of noninstitutional residential care facilities.  
20 An interim construction loan may be made under this section  
21 only if the loan is the subject of a commitment from an agen-  
22 cy or instrumentality of the United States government or from  
23 the authority, to provide long-term financing for the mort-  
24 gage loan and interim construction advances made under the  
25 interim construction loan will be insured or guaranteed by  
26 an agency or instrumentality of the United States govern-  
27 ment.

28 Sec. 15. Section two hundred twenty point twenty-seven  
29 (220.27), Code 1977, is amended by adding the following new  
30 subsection:

31 NEW SUBSECTION. The authority shall cause to be delivered  
32 to the legislative fiscal committee within ninety (90) days  
33 of the close of its fiscal year its annual report certified  
34 by an independent certified public accountant (who may be  
35 the accountant or a member of the firm of accountants who

1 regularly audits the books and accounts of the authority)  
2 selected by the authority. In the event that the principal  
3 amount of any bonds or notes deposited in a bond reserve fund  
4 is withdrawn for payment of principal or interest thereby  
5 reducing the amount of that fund to less than the bond reserve  
6 fund requirement, the authority shall immediately notify the  
7 general assembly of this event and shall thereafter take steps  
8 to restore such bond reserve to the bond reserve fund  
9 requirement for that fund from any amounts available, other  
10 than principal of a bond issue, which are not pledged to the  
11 payment of other bonds or notes.

SENATE AMENDMENT TO  
HOUSE FILE 602

H-6065

1 Amend House File 602 as amended, passed and  
2 reprinted by the House as follows:

3 1. Page 3, line 7, by striking the word  
4 "development" and inserting in lieu thereof the word  
5 "development,".

6 2. Page 7, by striking lines 13 through 24 and  
7 inserting in lieu thereof the following:

8 "2. Homesteading projects which meet the require-  
9 ments of this chapter may be designated by the  
10 authority as Iowa homesteading projects. The conditional  
11 and absolute conveyance of fee simple title to real  
12 property, to a homesteading applicant, shall result in  
13 the inclusion of such real property in a designated  
14 Iowa homesteading project. The result of such designa-  
15 tion shall be the cancellation of back taxes, penalties,  
16 interest and costs of the real property pursuant to  
17 sections four hundred forty-six point thirty-nine  
18 (446.39) and five hundred sixty-nine point eight  
19 (569.8), notwithstanding any other financial, technical  
20 or principal involvement in the property by the  
21 authority."

H-6065 FILED  
RECEIVED FROM SENATE  
APRIL 17, 1978

*Amended 4/18 (p. 1574)*

HOUSE FILE 602

S-5528

1 Amend House File 602 as amended, passed and  
2 reprinted by the House as follows:  
3 1. Page 7, by striking lines 13 through 24 and  
4 inserting in lieu thereof the following:  
5 "2. Homesteading projects which meet the require-  
6 ments of this chapter may be designated by the  
7 authority as Iowa homesteading projects. The conditional  
8 and absolute conveyance of fee simple title to real  
9 property, to a homesteading applicant, shall result in  
10 the inclusion of such real property in a designated  
11 Iowa homesteading project. The result of such designa-  
12 tion shall be the cancellation of back taxes, penalties,  
13 interest and costs of the real property pursuant to  
14 sections four hundred forty-six point thirty-nine  
15 (446.39) and five hundred sixty-nine point eight  
16 (569.8), notwithstanding any other financial, technical  
17 or principal involvement in the property by the  
18 authority."

S-5528 FILED *Adopted 4/13 (p 869)*  
APRIL 11, 1978

BY E. KEVIN KELLY  
ROBERT M. CARR

HOUSE FILE 602

S-5552

1 Amend House File 602 as amended, passed and  
2 reprinted by the House as follows:  
3 1. Page 3, line 7, by striking the word  
4 "development" and inserting in lieu thereof the word  
5 "development,".

S-5552 FILED & ADOPTED (*p 869*)  
APRIL 13, 1978

BY ROBERT M. CARR

## HOUSE FILE 602

## AN ACT

TO AMEND THE IOWA HOUSING FINANCE AUTHORITY RELATING TO THE ELIGIBILITY OF APPLICANTS, PROPERTY IMPROVEMENT LOANS, LEASE-PURCHASE AGREEMENTS, HOMESTEADING, AND A LOAN AND GRANT FUND.

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

Section 1. Section two hundred twenty point one (220.1), subsection six (6), paragraph a, and subsection eleven (11), paragraph a, Code 1977, is amended to read as follows:

a. "Families" includes but is not limited to families consisting of a single adult person in the case of a person who is primarily responsible for his or her own support, is at least sixty-two years of age, is disabled, is handicapped, is displaced, or is the remaining member of a tenant family.

11. a. "Housing" means single family and multifamily dwellings, and facilities incidental or appurtenant to the dwellings, and includes noninstitutional residential care facilities and shall also include a modular or mobile home which is permanently affixed to a foundation and is assessed as realty.

Sec. 2. Section two hundred twenty point one (220.1), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. "Property improvement loan" means a financial obligation secured by collateral acceptable to the authority, the proceeds of which shall be used for improvement or rehabilitation of housing which is deemed by the authority to be substandard in its protective coatings or its structural, plumbing, heating, cooling, or electrical systems; and regardless of the condition of the property the term "property improvement loan" may include loans to increase the energy efficiency of housing or to finance solar or other renewable energy systems for use in that housing.

Sec. 3. Section two hundred twenty point two (220.2), subsection one (1), Code 1977, is amended to read as follows:

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 who~~ 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.~~

community and housing development industries, housing finance industries, real estate sales industry, elderly families, minorities, lower income families, very low income families, handicapped and disabled families, average taxpayers, local government, and any other person specially interested in community housing.

Sec. 4. Section two hundred twenty point four (220.4),

Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The authority shall exercise diligence and care in selection of projects to receive its assistance, and shall apply customary and acceptable business and lending standards in selection and subsequent implementation of such projects.

Sec. 5. Section two hundred twenty point six (220.6), subsection two (2), Code 1977, is amended to read as follows:

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 19A, except that principal administrative assistants with responsibilities in housing development, accounting, mortgage loan processing, and investment portfolio management shall be exempt.

Sec. 6. Section two hundred twenty point ten (220.10), Code 1977, is amended to read as follows:

220.10 SURPLUS MONEYS--LOAN AND GRANT FUND.

1. 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 chapter.

2. The authority may establish a loan and grant fund which may be comprised of the proceeds of appropriations, grants, contributions, surplus moneys transferred as provided in this section and repayment of authority loans made from such fund.

Sec. 7. Section two hundred twenty point twelve (220.12), Code 1977, is amended to read as follows:

220.12 PROPERTY IMPROVEMENT LOANS AND MORTGAGE LOANS.

1. The authority may make property improvement loans and 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 re-~~ habilitation 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 property improvement loan or 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 property improvement loans and mortgage loans made under this section. The authority may pay the reasonable value of services rendered pursuant to such contracts.

4. Mortgage loans and property improvement 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 property improvement loan or 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 property improvement loan or 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 property improvement loan or 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 property improvement loan or 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.

9. The authority may require as a condition of a property improvement loan that the improvements to be made therewith shall include bringing the property into compliance with thermal efficiency standards established by the state building code commissioner for existing structures or into compliance with such other thermal efficiency standards as the authority may deem appropriate.

Sec. 8. Section two hundred twenty point thirteen (220.13), Code 1977, is amended by striking the section and inserting in lieu thereof the following:

220.13 LEASE-PURCHASE AGREEMENTS. In order to encourage eventual home ownership by low or moderate income families who are able to establish home ownership capability by showing regularity of payment and property maintenance, the authority may assist in the provision of housing to such families by means of down payment grants made pursuant to the lease-purchase program.

1. To the extent funds are available, the authority may provide down payment grants on behalf of low and moderate income families to nonprofit sponsors to defray all or part of the down payment on real property that is transferred by such sponsors to such families under the terms of the lease-purchase program.

2. To qualify for a down payment grant, the tenant shall have occupied the property for at least one year, have performed all routine maintenance, and have made all lease or rental payments on time and in full, during the year ending on the date of transfer.

3. Not more than thirty days prior to transfer of a property, an independent appraisal of such property shall be obtained, and the down payment shall not exceed ten percent of the lesser of the appraised value or agreed upon price.

4. Such down payment grant may be collectible in full and immediately by the authority in the following cases, when the beneficiary of the grant has lived in and occupied the property for less than five continuous years.

a. If the purchaser, at any future time, resells the property to a family that is not eligible for assistance under this section.

b. If the property is totally destroyed and insurance settlement is made.

Sec. 9. Section two hundred twenty point fourteen (220.14), Code 1977, is amended by striking the section and inserting

in lieu thereof the following:

220.14 IOWA HOMESTEADING PROGRAM.

1. The Iowa homesteading program is established under the supervision of the authority to alleviate problems of slums and blighted areas, to provide for rehabilitation of deteriorating housing, and to provide the opportunity to rehabilitate and occupy such housing, to low and moderate income families, all of which are deemed to be public purposes. The authority may establish homesteading projects in any part of the state, subject to approval of the local governing body; and, in cooperation with suitable local agencies, the authority may provide financial and technical assistance to housing sponsors for the establishment and implementation of homesteading projects which meet the requirements of this chapter, and the authority may cooperate with similar local projects to provide housing.

2. Homesteading projects which meet the requirements of this chapter may be designated by the authority as Iowa homesteading projects. The conditional and absolute conveyance of fee simple title to real property, to a homesteading applicant, shall result in the inclusion of such real property in a designated Iowa homesteading project. The result of such designation shall be the cancellation of back taxes, penalties, interest and costs of the real property pursuant to sections four hundred forty-six point thirty-nine (446.39) and five hundred sixty-nine point eight (569.8) of the Code, notwithstanding any other financial, technical or principal involvement in the property by the authority.

3. The authority may provide property improvement or mortgage loans to facilitate designated Iowa homesteading projects. Such loans may be for the purpose of financing acquisition, improvement or rehabilitation of housing included in a designated homesteading project. Such loans shall be made only upon property for which a conditional conveyance will be granted. The interest rates, security requirements and other terms of such loans shall be established by the

authority and shall be as low as practical considering market conditions.

a. The housing sponsor of the designated homesteading project shall agree to:

(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) Assistance to approved applicants in seeking and obtaining counseling and financial assistance from appropriate sources during homesteading, and for a period of three years after the date of absolute conveyance.

(3) 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.

(4) Arrangement of local supervision and administration of the designated homesteading project, including announced quarterly inspections of homesteads during rehabilitation.

(5) Revocation of the conditional conveyance, at option of the authority, upon any material breach of the agreement between the housing sponsor and the authority.

(6) Repossession of property, subject to authority approval and upon proper notice and hearing unless waived in writing by the homesteading applicant, for unreasonable failure to complete rehabilitation as agreed upon at the time of conditional conveyance.

(7) Absolute conveyance of fee simple title to the applicant, upon satisfactory completion of rehabilitation and arrangement of mortgage financing from the authority or other institutions, as appropriate.

b. An approved applicant for a designated homesteading

project shall:

(1) Agree to rehabilitate the property to meet applicable building or housing code standards within a two-year period after conditional conveyance. However, the two-year period may be extended for just cause.

(2) Agree to live in and occupy the homesteading property for five continuous years from the date of conditional conveyance. Such agreement may be waived by mutual agreement of the authority, the housing sponsor, and the applicant.

c. The authority may:

(1) Encourage homesteading sponsors and participating political subdivisions to coordinate approaches to neighborhood and area wide improvement through upgrading the public services and facilities through a designated Iowa homesteading project.

(2) Recommend legislation to provide appropriate exemptions from real property tax laws for properties included in a designated homesteading project.

(3) 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 included in a designated homesteading project.

Sec. 10. Section two hundred twenty point seventeen (220.17), unnumbered paragraphs one (1), two (2) and three (3), Code 1977, are amended to read as follows:

~~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 authority may be used to make grants and temporary loans at interest rates and terms as determined by the authority, for the following purposes:

Sec. 11. Section two hundred twenty point eighteen (220.18), Code 1977, is amended to read as follows:

220.18 SPECIAL 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 220.40, and of fund notes issued by the authority as provided in section 220.49, and the authority is authorized to accept contributions to the fund from any source.~~

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

~~1. To~~ 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. ~~The~~ The authority may make or participate in the making of property improvement loans or 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 chapter, 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 chapter 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. 12. Section two hundred twenty point twenty-one (220.21), Code 1977, is amended by striking subsection eight (8).

Sec. 13. Section two hundred twenty point twenty-six (220.26), subsection one (1), Code 1977, is amended to read as follows:

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 two hundred fifty 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.

Sec. 14. Section two hundred twenty point twenty-six (220.26), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The authority may make or participate in the making of loans to housing sponsors to provide interim construction financing for the construction or rehabilitation of adequate housing for low or moderate income persons or families, elderly persons or families, and persons or families which include one or more persons who are handicapped or disabled, and of noninstitutional residential care facilities. An interim construction loan may be made under this section only if the loan is the subject of a commitment from an agency or instrumentality of the United States government or from the authority, to provide long-term financing for the mortgage loan and interim construction advances made under the interim construction loan will be insured or guaranteed by an agency or instrumentality of the United States government.

Sec. 15. Section two hundred twenty point twenty-seven (220.27), Code 1977, is amended by adding the following new subsection:

NEW SUBSECTION. The authority shall cause to be delivered to the legislative fiscal committee within ninety (90) days of the close of its fiscal year its annual report certified by an independent certified public accountant (who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority) selected by the authority. In the event that the principal amount of any bonds or notes deposited in a bond reserve fund

is withdrawn for payment of principal or interest thereby reducing the amount of that fund to less than the bond reserve fund requirement, the authority shall immediately notify the general assembly of this event and shall thereafter take steps to restore such bond reserve to the bond reserve fund requirement for that fund from any amounts available, other than principal of a bond issue, which are not pledged to the payment of other bonds or notes.

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DALE M. COCHRAN  
Speaker of the House

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ARTHUR A. NEU  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 602, Sixty-seventh General Assembly.

\_\_\_\_\_  
DAVID L. WRAY  
Chief Clerk of the House

Approved June 22 1978

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ROBERT D. RAY  
Governor