

House File 2735 - Introduced

HOUSE FILE 2735

BY McBURNEY, B. MEYER,
BAGNIEWSKI, WICHTENDAHL,
KURTH, MATSON, BROWN-POWERS,
BAETH, RAMIREZ, R. JOHNSON,
CROKEN, KRESSIG,
WESSEL-KROESCHELL, and JACOBY

A BILL FOR

1 An Act relating to programs administered by the Iowa
2 finance authority including the firsthome program and home
3 ownership assistance program for military members, making
4 appropriations, and including effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **16.54A Firsthome program.**

2 1. For the purposes of this section:

3 a. "*First-time homebuyer*" means any of the following:

4 (1) An individual who has not owned a primary residence in
5 the last three consecutive years immediately prior to the date of
6 the individual's application for the firsthome program.

7 (2) A member of the military who has not previously used a
8 mortgage revenue bond program to finance a home purchase.

9 (3) An individual who is purchasing a home in a targeted area
10 as determined by the authority.

11 b. "*Member of the military*" means any of the following:

12 (1) An individual who has served ninety days active duty
13 between August 2, 1990, and April 6, 1991, or September 11, 2001,
14 to the date of application for the firsthome program. The ninety
15 days of active duty may be cumulative, but are not required to be
16 consecutive. Inactive duty training, annual training, and active
17 duty for training shall not count toward the ninety days.

18 (2) An individual who is a former member of the national
19 guard, or a reserve or regular component of the armed forces of
20 the United States, who was honorably discharged due to injuries
21 incurred while on federal active duty beginning on or after
22 September 11, 2001, or during the period of the Persian Gulf
23 Conflict, beginning August 2, 1990, and ending April 6, 1991,
24 that precluded completion of a minimum aggregate of ninety days
25 of federal active duty.

26 (3) The surviving spouse of an individual under subparagraph
27 (1) or (2).

28 c. "*Program*" means the firsthome program established in this
29 section.

30 d. "*Second loan*" means a loan that is up to a certain
31 percentage of the sale price of a home, or a certain fixed dollar
32 amount, that must be repaid when the home is sold, refinanced, or
33 the first mortgage on the home is satisfied.

34 2. The firsthome program is established to provide assistance
35 to eligible first-time homebuyers. The firsthome program shall

1 be administered by the authority and shall provide grants for
2 down payment and closing cost assistance, second loans, free
3 Iowa title guaranty owner's certificates, and other assistance to
4 eligible first-time homebuyers.

5 3. To qualify for assistance under the firsthome program, an
6 individual must meet the following requirements:

7 a. The individual must be a first-time homebuyer.

8 b. The individual's household income must meet eligibility
9 requirements established by the authority by rule.

10 c. The purchase price of the home that the individual wants
11 to purchase must be within the price limits established by the
12 authority by rule.

13 d. The individual must occupy the purchased home as a primary
14 residence within sixty days of closing.

15 e. The individual must have a minimum credit score of six
16 hundred forty. If an individual does not have a credit score,
17 nontraditional credit documentation may be submitted to the
18 authority as established by the authority by rule.

19 f. The individual's debt-to-income ratio must be no greater
20 than fifty percent.

21 g. The individual must complete homebuyer education as
22 established by the authority by rule.

23 h. The individual must contact an Iowa finance authority
24 participating lender.

25 4. An individual must submit an application for the program
26 in the form and manner as established by the authority by rule.

27 5. An individual who receives assistance under the firsthome
28 program may also participate in other loan and grant programs
29 administered by the authority if the individual qualifies for the
30 other loan or grant program.

31 6. Assistance provided in the form of a grant to an
32 individual under the firsthome program shall not exceed ten
33 thousand dollars.

34 7. The authority shall adopt rules pursuant to chapter 17A as
35 necessary to implement and administer this section.

1 Sec. 2. MILITARY HOME OWNERSHIP ASSISTANCE PROGRAM — FY
2 2025-2026 APPROPRIATION.

3 1. There is appropriated from the general fund of the state
4 to the Iowa finance authority for the fiscal year beginning July
5 1, 2025, and ending June 30, 2026, the following amount, or so
6 much thereof as is necessary, to be used for the purposes
7 designated:

8 To supplement the appropriation for the continuation of the
9 home ownership assistance program for persons who are or were
10 eligible members of the armed forces of the United States, or
11 eligible service members pursuant to section 16.54, as provided
12 in 2025 Iowa Acts, chapter 169, section 1, subsection 3:
13 \$ 2,200,000

14 2. Notwithstanding section 8.33, moneys appropriated in this
15 section that remain unencumbered or unobligated at the close of
16 the fiscal year shall not revert but shall remain available for
17 expenditure for the purposes designated until the close of the
18 succeeding fiscal year.

19 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
20 importance, takes effect upon enactment.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with
23 the explanation's substance by the members of the general assembly.

24 This bill relates to matters under the purview of the Iowa
25 finance authority including the firsthome program and the home
26 ownership assistance program for military members.

27 The bill codifies the firsthome program administered by
28 the Iowa finance authority and requires that the program be
29 administered by the authority to provide down payment and
30 closing cost assistance grants, second loans, free Iowa title
31 guaranty owner's certificates, or other assistance to eligible
32 first-time homebuyers. "First-time homebuyer" and "second loan"
33 are defined in the bill. The requirements for an individual to
34 qualify for the program are detailed in the bill. The maximum
35 assistance that may be provided in the form of a grant to an

1 individual under the firsthome program is \$10,000. The Iowa
2 finance authority shall adopt rules as necessary to implement and
3 administer the bill.

4 The bill appropriates \$2.2 million from the general fund of
5 the state to the Iowa finance authority for FY 2025-2026 to be
6 used for the military home ownership assistance program, which
7 provides financial assistance to current and former members of
8 the United States armed forces for purchasing homes. The bill's
9 appropriation supplements the FY 2025-2026 appropriation passed
10 by the general assembly (\$2.2 million).

11 The bill takes effect upon enactment.

unofficial