

Senate File 505 - Introduced

SENATE FILE 505

BY BLAKE, BENNETT, WEINER,
DOTZLER, DONAHUE, WINCKLER,
ZIMMER, TOWNSEND, STAED,
PETERSEN, QUIRMBACH,
BISIGNANO, TRONE GARRIOTT,
and KNOX

A BILL FOR

1 An Act codifying a firsthome program administered by the Iowa
2 finance authority.

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

unofficial

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 continue the
35 firsthome program administered by the authority to provide

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

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

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

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

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

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

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

20 f. The individual's debt-to-income ratio must be no greater
21 than forty-five percent.

22 g. The individual, if applying for a conventional loan, must
23 complete homebuyer education as established by the authority by
24 rule.

25 h. The individual must contact an Iowa finance authority
26 participating lender.

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

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

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

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

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EXPLANATION

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The inclusion of this explanation does not constitute agreement with

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the explanation's substance by the members of the general assembly.

6 This bill codifies the firsthome program administered by
7 the Iowa finance authority and requires that the program be
8 administered by the authority to provide down payment and
9 closing cost assistance grants, second loans, free Iowa title
10 guaranty owner's certificates, or other assistance to eligible
11 first-time homebuyers. "First-time homebuyer" and "second loan"
12 are defined in the bill. The requirements for an individual to
13 qualify for the program are detailed in the bill. The maximum
14 assistance that may be provided in the form of a grant to an
15 individual under the firsthome program is \$10,000. The Iowa
16 finance authority shall adopt rules as necessary to implement and
17 administer the bill.