

House File 2735 - Introduced

HOUSE FILE 2735

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A BILL FOR

1 An Act relating to programs administered by the Iowa finance
2 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
6 of 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
10 area 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,
14 2001, to the date of application for the firsthome program.
15 The ninety days of active duty may be cumulative, but are not
16 required to be consecutive. Inactive duty training, annual
17 training, and active duty for training shall not count toward
18 the ninety days.

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

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

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

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

35 2. The firsthome program is established to provide

1 assistance to eligible first-time homebuyers. The firsthome
2 program shall be administered by the authority and shall
3 provide grants for down payment and closing cost assistance,
4 second loans, free Iowa title guaranty owner's certificates,
5 and other 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 eligibility
10 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
15 primary 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 fifty percent.

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

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

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

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

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

35 7. The authority shall adopt rules pursuant to chapter 17A

1 as necessary to implement and administer this section.

2 Sec. 2. MILITARY HOME OWNERSHIP ASSISTANCE PROGRAM — FY
3 2025-2026 APPROPRIATION.

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

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

14 \$ 2,200,000

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

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

22 EXPLANATION

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

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

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

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1 The maximum assistance that may be provided in the form of a
2 grant to an individual under the firsthome program is \$10,000.
3 The Iowa finance authority shall adopt rules as necessary to
4 implement and administer the bill.

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

12 The bill takes effect upon enactment.