

or transfer. However, if the patient was originally hospitalized involuntarily, the leave or transfer shall be made in compliance with section two hundred twenty-nine point fifteen (229.15), subsection four (4) of the Code.

Sec. 22. Section two hundred twenty-seven point sixteen (227.16), Code 1977, is amended to read as follows:

227.16 STATE AID. For each patient heretofore or hereafter received on transfer from a state hospital for the mentally ill under the provisions of section 227.11, or ~~committed-to~~ placed in a county care facility by a-commission-of hospitalization the procedure prescribed in chapter two hundred twenty-nine (229) of the Code, or any mentally retarded adult patient discharged or removed from the state hospital-schools and cared for and supported by the county in the county care facility or elsewhere outside a state institution for the mentally ill or mentally retarded the county shall be entitled to receive the amount of five dollars per week for each patient from the state mental aid fund hereinafter provided for.

Sec. 23. Section two hundred thirty point two (230.2), subsection one (1), Code 1977, is amended to read as follows:

1. In the county ~~of-the-residence-of-said-commissioners~~ from which the person was placed in the hospital;

Sec. 24. Section one hundred twenty-five point nineteen (125.19), as amended by Acts of the Sixty-seventh General Assembly, 1977 Session, chapter seventy-four (74), section thirty (30), and sections two hundred twenty-six point six (226.6), subsection five (5), and two hundred twenty-nine point forty-four (229.44), Code 1977, are repealed.

Approved June 30, 1978

CHAPTER 1086

IOWA HOUSING FINANCE AUTHORITY

H. F. 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 220.10, and of fund notes issued by the authority as provided in section 220.19, 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. ~~To~~ 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 pro-

posed 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 mort-

gage 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.

Approved June 22, 1978

CHAPTER 1087

SUBSTANCE ABUSE TREATMENT, MENTAL HEALTH, NURSE EXAMINERS, MEDICAL EXAMINERS, AND MENTAL HEALTH ADVISORY COUNCIL

H. F. 2440

AN ACT relating to and appropriating funds for designated health programs including substance abuse, mental health, continuing education for health practitioners and funds for autopsies of suspected victims of sudden infant death syndrome.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. There is appropriated from the general fund of the state to the Iowa department of substance abuse for the fiscal period commencing July 1, 1978 and ending June