

16.12 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 financing of adequate housing for low or moderate income families, elderly families, families which include one or more persons with disabilities, child foster care facilities, and health 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 nongovernmental 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 with disabilities, or will meet state standards for health care facilities or child foster care facilities, and shall also give consideration to:
 - a. The comparative need for housing, child foster care facilities, or health 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 ensure 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.

[C77, 79, 81, § 220.12; 81 Acts, ch 76, § 3; 82 Acts, ch 1187, § 5]

C93, § 16.12

96 Acts, ch 1129, § 113