

IOWA FINANCE AUTHORITY [265]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 17A.3(1)(b), Iowa Code Supplement section 16.5(1)"r," and Iowa Code Supplement section 16.40, the Iowa Finance Authority hereby adopts new chapter 29, "Jumpstart Housing Assistance Program," Iowa Administrative Code.

The purpose of these rules is to implement a program of housing assistance for persons affected by the natural disasters that occurred in 2008.

The Authority does not intend to grant waivers under the provisions of any of these rules, other than as may be allowed under the Authority's general rules concerning waivers.

The authority finds that notice and public participation are impracticable and contrary to the public interest in that assistance to the victims of the natural disasters is needed immediately, and the normal notice and public participation process would delay implementation of the program. The authority is also concurrently herewith publishing a notice of intended action of for these rules.

The Authority finds that these rules confer a benefit on the persons affected, persons adversely affected by the natural disasters, in that they provide assistance and ease and speed the administration of an important program benefiting those persons, and should be implemented as soon as feasible in order to facilitate the provision of assistance under the program. Therefore these amendments are filed pursuant to Iowa Code section 17A.5(2)(b)(2), and the normal effective date of these rules is waived.

The Authority adopted these rules on September 18, 2008.

These amendments will become effective immediately upon filing with the administrative rules coordinator.

These amendments are intended to implement Iowa Code Supplement sections 16.5(1)"r" and 16.40.

The following amendments are adopted:

Item 1. The following new chapter 29 is hereby adopted.

Chapter 29

Jumpstart Housing Assistance Program

265 — 29.1 (16) Purpose. This chapter defines and structures the Jumpstart Disaster Recovery Housing Assistance Program to aid individuals whose homes, located in parts of Iowa declared by the President of the United States to be disaster areas, were destroyed or damaged by the natural disasters of 2008. Under the Program, the authority may grant funds to local government participants, including certain Iowa councils of governments, cities, and counties, as set forth in this chapter. The local government participants will, in turn, loan the funds to eligible residents under the conditions specified in this chapter to assist them in purchasing homes generally comparable to those they lived in prior to the occurrence of the natural disasters of 2008, repairing or rehabilitating disaster-affected homes, in making mortgage payments and paying for other eligible property carrying costs while they await a property acquisition of their disaster-affected homes.

265 — 29.2 (16) Definitions. For purposes of this chapter,

"Authority" means the Iowa finance authority;

"COG" means an Iowa council of government as identified by Iowa Code chapter 28H;

"Disaster-affected home" means a primary residence that was destroyed or damaged by the natural disasters of 2008;

"Disaster compensation" means money received by an eligible resident from FEMA, or as proceeds of any insurance policy, or any other governmental assistance received, as a result of the natural disasters of 2008

for damage caused to the eligible resident's disaster-affected home by the natural disasters of 2008; "disaster compensation" shall not include rental assistance received from FEMA, or other sources;

"Local government participant" means:

1. Any of the following Iowa cities: Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines;

Any COG whose territory encompasses one or more Iowa counties that have been declared by the President of the United States to be disaster areas; and

Any county that has been declared by the President of the United States to be a disaster area and which is not part of any

Iowa Council of Governments;

“Eligible energy efficient home appliances and improvements” means energy-efficient furnaces and boilers, appliances, air conditioners, hot water heaters, windows, and insulation that meet standards set by the office of energy independence;

“Eligible resident” means an individual or family who resided in a disaster-affected home at the time of the natural disasters of 2008 who:

is the owner of record of a right, title or interest in the disaster-affected home; and

has been approved by FEMA for housing assistance as a result of the natural disasters of 2008;

in cases where multiple persons own a disaster-affected home together, such as by a tenancy in common or joint tenancy, such persons will generally be deemed collectively to be the eligible resident, provided the requirements set forth above are met. In the event that multiple persons assert inconsistent claims as to who the owner of a disaster-affected home is, the local government participant shall review the facts and, if necessary, make an allocation among the various applicants;

“Eligible property carrying costs” means the following expenses associated with the ownership of a disaster-affected home: liability insurance premiums, flood insurance premiums, property tax payments, installment payments on a real estate purchase contract for the disaster-affected home (provided the real estate purchase contract was executed prior to the first date on which the disaster-affected home sustained damage as a result of the natural disasters of 2008) and special assessments;

“Eligible repair expenses” means the reasonable cost of repairing damage to a disaster-affected home necessitated by the natural disasters of 2008; eligible repair expenses shall not include additions to or expansions of a disaster-affected home or the purchase or installation of luxury items that were not part of the disaster-affected home prior to the natural disasters of 2008;

“FEMA” means the federal emergency management agency;

“Forgivable loan” means a loan made to an eligible resident pursuant to the requirements of this chapter;

“Natural disasters of 2008” means the severe storms, tornadoes, and flooding that occurred in Iowa between May 25, 2008, and August 13, 2008, and designated by FEMA as FEMA-1763-DR;

“Program” means the jumpstart housing assistance program described in this chapter;

“Retention Agreement” means an agreement, to be recorded as a lien against the property for which assistance is provided, requiring that if an eligible resident sells a home purchased, or repaired, or the mortgage loan for which was paid with the assistance of a loan made under this chapter, then that portion of the original principal amount that has not been forgiven, if any, shall be repaid.

265 — 29.3 (16) Grants to Local government participants.

(a) Initial Allocation, loans to local government participants. IFA shall make initial allocations of funds made available to the program among the local government participants pro rata based on the funds awarded by FEMA under its housing assistance program to each local government participant’s jurisdiction as a percentage of the total amount of funds awarded as a result of the natural disasters of 2008. The authority shall enter into a grant agreement with each local government participant, pursuant to which the authority may disburse funds to the local government participant for the purposes described in this chapter. The grant agreements shall be prepared by the authority and may contain such terms and conditions, in addition to those specified in this chapter, as the executive director may deem to be necessary and convenient to the administration of the program and to the efficient and responsible use of the granted funds.

Review of requests for assistance. The local government participants shall accept and review each request for assistance and shall determine whether the requesting party is an eligible resident. If the requesting party is determined to be an eligible resident, the local government participant shall determine whether the funds are being requested for a use permitted under the program and the amount available to the eligible resident under the terms of the program.

(c) Coordination with the jumpstart business assistance program. For Presidential declared disaster areas outside a COG region, counties may elect to apply singly, join with other counties, or join with an adjacent COG region. Likewise a city named in the definition of local government participant, above, may join with a COG, county, or multi-county entity. To the extent local government participants act jointly or cooperatively in their participation in the small business disaster recovery financial assistance program administered by the Iowa department of economic development pursuant to 261 — chapter 78, Iowa Administrative Code, the authority may require them to similarly act jointly or cooperatively in their participation under this chapter.

(d) Reallocation of unused funds. Following one year, or following any three month period during which a local government participant has requested no draws, the authority may reallocate all or part of any remaining portion of the previous allocation to such local government participant to other local government participants with a demonstrated need for program funds.

(e) Administrative fees. Each local government participant shall be entitled to receive an administrative fee in an amount not to exceed five percent of the funds loaned by such local government participant to eligible residents. A local government participant shall be entitled to an administrative fee only to the extent it makes forgivable loans. The administrative fee shall be paid from the allocation made to each such local government participant by the authority pursuant to (a).

(f) Proceeds of repayments. All loan amounts repaid to a local government participant by an eligible resident pursuant to this chapter shall be returned to the Authority's housing assistance fund created by Iowa Code section 16.40.

265 — 29.5 (16) Eligible Uses.

(a) Forgivable loans. The local government participants may make forgivable loans, pursuant to the conditions set forth in rule 29.7, to eligible residents for the following eligible uses:

(i.) Down payment assistance

(A) An eligible resident whose disaster-affected home was destroyed or damaged beyond reasonable repair may be provided down payment assistance for the purchase of replacement housing located within the local government participant's jurisdiction and, if necessary, for the cost of making reasonable repairs to the home being purchased to make it safe, decent, and habitable. The amount of down payment assistance available to an eligible resident shall generally not exceed twenty-five percent of the purchase price of the home being purchased and shall in no event shall the down payment assistance and any amount allowed for repairs collectively exceed \$50,000.

(B) For purposes of calculating the amount of down payment assistance available to the eligible resident, the amount of the down payment assistance shall be reduced by the amount of any disaster compensation received by the eligible resident in excess of any amount necessary to pay off a mortgage or real estate purchase contract on the disaster-affected home.

(C) As a condition of receiving down payment assistance, the eligible resident shall agree that any disaster compensation received subsequent to the closing of the forgivable loan, if not applied towards repayment of a mortgage on the disaster-affected home, shall be used by the eligible resident to pay down the balance of the forgivable loan outstanding at the time the eligible resident receives such disaster compensation.

(D) Down payment assistance shall be allowed only for the purchase of a primary residence by means of a fully amortized mortgage loan from a regulated lender featuring a rate of interest that is fixed for at least five years and with a term not to exceed thirty years.

(E) Eligible residents who receive down payment assistance under this rule may also receive the assistance available under subrule 29.5(b), interim mortgage assistance, but not the assistance available under subrule 29.5(a)(ii), housing repair and rehabilitation.

(F) An eligible resident shall not use the assistance allowed under this subrule for the purchase of more than one home.

(ii) Housing repair or rehabilitation.

(A) An eligible resident whose disaster-affected home is not proposed or located in an area proposed by a municipality or county to the Iowa homeland security and emergency management division for property acquisition under the hazard mitigation grant program set forth in chapter 29C of the Iowa Code (or any other comparable program implemented in whole or in part to assist in recovery from the natural disasters of 2008), may receive financial assistance to pay for eligible repair expenses up to an amount not to exceed the lesser of \$50,000 or 60% of the latest available assessed value of the disaster-affected home (not including the assessed value of the land on which it is situated) dated prior to the natural disasters of 2008. The eligible resident shall establish the necessity and reasonable cost of the repairs or rehabilitation to the reasonable satisfaction of the local government participant.

(B) For purposes of calculating the amount of assistance available to the eligible resident pursuant to this subrule, the cost of repairs to, or rehabilitation of, the disaster-affected home shall be reduced by the amount of any disaster compensation received.

(C) As a condition of receiving assistance pursuant to this subrule, the eligible resident shall agree that any disaster compensation received subsequent to the closing of the forgivable loan shall be used by the eligible resident to pay down the balance of the forgivable loan outstanding at the time the eligible resident receives such disaster compensation.

(D) An eligible resident who receives assistance pursuant to this subrule shall not be eligible for assistance under either subrule 29.5(a)(i) or subrule 29.5(b).

(b) Interim mortgage assistance loans. An eligible resident whose disaster-affected home is proposed by a municipality or county, or is located in an area proposed by a municipality or county, to the Iowa homeland security and emergency management division for property acquisition under the hazard mitigation grant program set forth in chapter 29C of the

Iowa Code (or any other comparable program implemented in whole or in part to assist in recovery from the natural disasters of 2008), may receive financial assistance equivalent to an amount of up to \$1,000 per month for the purpose of paying mortgage payments and other eligible property carrying costs for the disaster-affected home for a period not to exceed 12 months. An eligible resident who receives assistance pursuant to this subrule shall not be eligible for assistance under subrule 29.5(a)(ii). Provided, however, that if it subsequently is determined by the the Iowa homeland security and emergency management division that the disaster-affected home of the eligible resident will not be acquired under the hazard mitigation grant program, then the eligible resident shall be eligible for assistance under subrule 29.5(a)(ii) on the condition that the amount of assistance available under that subrule shall be reduced by the amount of assistance received by the eligible resident under this subrule 29.5(b). Financial assistance provided pursuant to this subrule 29.5(b) shall not be in the form of a forgivable loan, but rather in the form of a non-forgivable loan secured by a retention agreement and shall be payable in full upon the acquisition of the disaster-affected home pursuant to the hazard mitigation grant program or sale of the disaster affected home by the eligible resident.

(c) Energy efficiency assistance. Eligible residents who receive either down payment assistance pursuant to subrule 29.5(a)(i) or housing repair or rehabilitation assistance pursuant to subrule 29.5(a)(ii), shall also be eligible to receive an additional loan amount, up to a maximum of \$10,000, as reimbursement for the cost of purchasing and installing eligible energy efficient home appliances and improvements for the home being purchased. Any amount allowed pursuant to this subrule shall be added to the principal balance of the forgivable loan. Amounts loaned pursuant to this subrule may be loaned either at the time the forgivable loan is first made or subsequent thereto within [three] months.

(d) Expenses incurred prior to the effective date hereof. In the event an eligible resident purchased a home, made or caused to be made repairs to a disaster-affected home, or made mortgage payments (or paid for other eligible property carrying costs) for a disaster-affected home located within the jurisdiction of a local government participant prior to the effective date of this chapter, the eligible resident shall be eligible for reimbursement therefor under this rule as if the purchase, repairs, or payments had taken place following the effective date hereof.

(e) Applications for assistance. To apply for down payment assistance or down payment assistance plus interim mortgage assistance, the eligible resident shall apply to the local government participant in whose jurisdiction the home being purchased is located. To apply for assistance for repair or rehabilitation of a disaster-affected home, the eligible resident shall apply at the local government participant in whose jurisdiction the disaster-affected home is located. To apply for interim mortgage assistance only, the eligible resident shall apply to the local government participant the disaster-affected home is located.

265 — 29.6 (16) Loan terms. Loans made under the program shall, at a minimum, contain the following terms:

Forgivability. Forgivable loans made pursuant to the program shall be forgivable over a ten year period. One tenth of the total principal amount loaned shall be forgiven following each full year the eligible resident owns the home for which the loan was made, beginning on the date of the final disbursement of forgivable loan proceeds.

Zero percent interest. Loans made pursuant to the program shall bear no interest.

Ten year term. All loans made pursuant to the program shall be for a term of ten years.

Repayment due upon sale of home. Any principal of a forgivable loan that has not yet been forgiven at the time the home for which the forgivable loan was made is sold by the eligible resident (including property acquisitions) shall be due and payable upon such sale.

Retention Agreement. Each loan made pursuant to this chapter shall be secured by a retention agreement which shall constitute a lien on the title of the real property for which the forgivable loan is made until such time as the forgivable loan has either been fully forgiven or paid in full.

265 — 29.7 (16) Financial assistance subject to availability of funding. All financial assistance authorized pursuant to this chapter shall be subject to funds being made available to the authority for the purposes set forth herein.

Respectfully submitted,

Bret L. Mills, Executive Director
By Authority of the Board of the Iowa Finance Authority

Date