

Red Tape Review Rule Report

(Due: September 1, 2025)

Department Name:	IFA	Date:	9/9/25	Total Rule Count:	4
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter 27	Iowa Code Section Authorizing Rule:	16.5(1)“r” and 16.54
Contact Name:	Tyler Barnard	Email:	tylerbarnard@iowafinance.com	Phone:	515.452.0418

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

To describe the authority's procedures for the military service member home ownership assistance program.

Is the benefit being achieved? Please provide evidence.

Yes, the authority successfully administers this program according to these rules.

What are the costs incurred by the public to comply with the rule?

The costs incurred by the public to comply with these rules includes the cost of the annual application fee payable by facilitating lenders.

What are the costs to the agency or any other agency to implement/enforce the rule?

Authority staff time is required to review and diligence applications. The Iowa department of veterans affairs staff time is required to verify that an applicant is or is not an eligible service member.

Do the costs justify the benefits achieved? Please explain.

No additional costs are imposed by the rules beyond the \$1,500 annual application fee that facilitating lenders already incur under the program. The costs ensure procedural requirements are met and that the contested case proceedings are conducted fairly and transparently.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

No less restrictive alternatives were identified.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

Yes, this chapter contains language that duplicates statutory language, is obsolete and outdated.

Rule 27.2 should be updated to remove language that is duplicative of statutory language, for clarity, and to update a reference to the authority's website.

Rule 27.3 should be updated for clarity, to eliminate unnecessarily restrictive terms, and to specify the amount of the annual fee paid by facilitating lenders.

Rule 27.4 should be updated to be clearer and more concise and to eliminate unnecessarily restrictive terms.

RULES PROPOSED FOR REPEAL (list rule number[s]):

None.

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

CHAPTER 27
MILITARY SERVICE MEMBER HOME OWNERSHIP ASSISTANCE PROGRAM

265—27.1(16) Purpose. The purpose of the military service member home ownership assistance program is to help eligible members of the armed forces of the United States to purchase qualified homes in Iowa.

265—27.2(16) Definitions. As used in this chapter, unless the context otherwise requires:

“*Closing agent*” means the attorney, real estate firm, or closing company that is closing the qualifying purchase transaction and that prepares the cash sale settlement statement.

“*Eligible service member*” means the same as defined in Iowa Code section 16.54.

“*Facilitating lender*” means a lender that is not a participating lender but that is approved by the authority to make loans under the military home ownership assistance program pursuant to Iowa Code subsection 16.54(5) and subrule 27.3(7).

“*Home ownership assistance*” means the one-time assistance of up to \$5,000 per eligible service member that may be used toward down payment or closing costs, or both, in the purchase of a qualified home.

“*Manufactured home*” means the same as defined in Iowa Code section 435.1.

“*Participating lender*” means a lender approved for participation in one or more of the authority’s first mortgage financing home buyer programs. The authority maintains a list of participating lenders on its website: www.welcomehomeia.com/find-lender-realtor/.

“*Program*” or “*military home ownership assistance program*” or “*MHOA*” means the military service member home ownership assistance program authorized by Iowa Code section 16.54.

“*Qualified home*” means a home located in the state of Iowa that an eligible service member purchases, occupies, and uses as the service member’s primary residence that is one of the following:

1. Single-family residence, including “stick-built” homes, modular homes, or manufactured homes;
2. Condominium;
3. Townhome;
4. A property containing two to four residential units, where one unit is to be occupied by the eligible service member as the service member’s primary residence.

“*Qualified mortgage*” means a permanent mortgage loan made pursuant to one of the authority’s home buyer mortgage programs unless the lender offers financing that is more financially advantageous for the service member.

“*Status documentation*” means written documentation verifying that the applicant is an eligible service member. This documentation may include, but is not limited to, a copy of a valid DD Form 214, showing character of service other than dishonorable, or the applicant’s most recent leave and earnings statements representing 90 days of active duty.

“*Title guaranty certificate*” means the certificate issued by the Iowa title guaranty division of the authority pursuant to Iowa Code section 16.91 to ensure marketable title to the lender or the homeowner, or both.

[ARC 8945B, IAB 7/28/10, effective 7/6/10; ARC 9803B, IAB 10/5/11, effective 11/9/11; ARC 1595C, IAB 9/3/14, effective 8/6/14; ARC 1854C, IAB 2/4/15, effective 3/11/15; ARC 3424C, IAB 10/25/17, effective 11/29/17; ARC 4265C, IAB 1/30/19, effective 3/6/19]

265—27.3(16) Application procedure and determination of eligibility.

27.3(1) Prior approval. Whether the purchase of a qualified home is by mortgage financing or cash, prior approval of the assistance by the authority is required. Approval of the request will include supporting document review by the authority and a determination of the service member’s eligibility by the Iowa department of veterans affairs.

27.3(2) Financed home purchases.

a. Where a qualified home purchase is financed, the eligible service member is to apply for assistance under the program through a participating or facilitating lender. If the service member qualifies for one of the authority’s home buyer mortgage programs, the mortgage financing provided is to be a qualified mortgage. Service members who are not eligible for one of the authority’s home buyer mortgage programs and are not purchasing on a cash basis may use any permanent financing available to them.

b. To apply for assistance, eligible service members provide the participating or facilitating lender with status documentation and all necessary program documents.

c. Once the lender receives all necessary information under this subrule, the lender is to transmit copies of the necessary documentation to the authority.

27.3(3) Cash home purchases. For a cash purchase of a qualified home, the eligible service member provides the authority with:

- a. Status documentation;
- b. The purchase agreement; and
- c. A title guaranty commitment.

27.3(4) Referral of status documentation to Iowa department of veterans affairs. The authority submits status documentation to the Iowa department of veterans affairs for verification that an applicant is an eligible service member. The Iowa department of veterans affairs is the final authority on whether an applicant is an eligible service member.

27.3(5) Notice of MHOA approval. Once the Iowa department of veterans affairs confirms an applicant's eligibility, the authority notifies the lender, or eligible service member in the case of a cash purchase, that the MHOA application is approved.

27.3(6) Gaps in funding. Where military assistance funds are unavailable during the home purchase process, MHOA requests may be placed on a waiting list. When funds become available after the home purchase closed without military assistance funds being applied toward closing costs or down payment, MHOA proceeds will be paid (1) directly to the participating lender or servicing lender to be applied toward the qualified mortgage loan's principal balance, or (2) if the qualified home was purchased pursuant to a cash purchase transaction, directly to the eligible service member. The authority will notify the applicant that MHOA proceeds will be applied to the principal balance.

27.3(7) Approval process for facilitating lender status. Pursuant to Iowa Code section 16.54(5), an Iowa-regulated or federally regulated lender with a physical location in the state of Iowa may submit an application to the authority for approval, even if such lender does not participate in the authority's home ownership programs for home buyers. The approval to be a facilitating lender is valid for one year. Lenders are to submit an application and application fee of \$1,500 annually. Application fees are not charged in part or in full to a service member or to a property seller.

[ARC 8945B, IAB 7/28/10, effective 7/6/10; ARC 9803B, IAB 10/5/11, effective 11/9/11; ARC 0827C, IAB 7/10/13, effective 8/14/13; see Delay note at end of chapter; ARC 1142C, IAB 10/30/13, effective 10/15/13; ARC 1253C, IAB 12/25/13, effective 1/29/14; ARC 1595C, IAB 9/3/14, effective 8/6/14; ARC 1854C, IAB 2/4/15, effective 3/11/15; ARC 3424C, IAB 10/25/17, effective 11/29/17]

265—27.4(16) MHOA award. Assistance awarded hereunder is up to \$5,000, and is applied toward a qualified home purchase.

27.4(1) MHOA reimbursement. The lender advances funds at closing in an amount equal to the assistance on behalf of the eligible service member. After closing, the lender submits copies of the following documents to the authority:

- a. An executed settlement statement;
- b. The deed conveying title;
- c. A title guaranty commitment;
- d. The promissory note; and
- e. The mortgage.

After closing, for cash home purchasers, the eligible service member shall submit copies of the following documents to the authority:

- a. The executed settlement statement;
- b. The deed conveying title; and
- c. The executed title guaranty certificate.

27.4(2) MHOA assistance conditions. All assistance under the program is subject to funding availability. Assistance will be awarded in the order in which all required documentation is received and approved by the authority. Assistance awarded pursuant to the program is personal to its recipient and non-assignable. A maximum of one assistance award is awarded per home purchase. If both homeowners are eligible service members, only one may use the MHOA per home purchase. If another home is subsequently purchased, the other eligible service member may use the MHOA on the second home if the program exists and funds are available. An eligible service member is to receive only one award under the program. While program funds are available, the award is valid for 60 days in the case of purchases of existing or completed property and 120 days in the case of purchases of property being constructed or renovated. A reasonable extension may be granted with evidence of a purchase loan in progress which has been delayed due to circumstances beyond the service member's control.

[ARC 8945B, IAB 7/28/10, effective 7/6/10; ARC 9803B, IAB 10/5/11, effective 11/9/11; ARC 3424C, IAB 10/25/17, effective 11/29/17]

These rules are intended to implement Iowa Code sections 16.5(1) "r" and 16.54.

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

Total number of rules repealed:	0
Proposed word count reduction after repeal and/or re-promulgation	203
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	21

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.
