

Red Tape Review Rule Report

(Due: September 1, 2025)

Department Name:	IFA	Date:	09/24/25	Total Rule Count:	8
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter 45	Iowa Code Section Authorizing Rule:	16.45
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of Chapter 45 is to facilitate affordable financing for the purchase of manufactured homes in Iowa. By allocating funds to financial institutions and lenders, the program aims to provide lower interest rate mortgage loans to individuals. This helps make homeownership more accessible and affordable for those purchasing manufactured homes sited on leased land in Iowa.

Is the benefit being achieved? Please provide evidence.

Yes. The chapter continues to describe the process for the linked deposit program for any interested and eligible borrowers and lenders or financial institutions.

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

The chapter limits the lender's fee charged for its cost of originating a mortgage loan to not greater than 1 percent of the principal mortgage loan amount. The chapter also limits fees paid to third-party closers to not greater than \$500 for a given mortgage loan.

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

The Authority incurs staff time to review linked deposit requests, determine loan eligibility, and monitor linked deposits.

Do the costs justify the benefits achieved? Please explain.

Yes. The limitation on the lender's fee is reasonable and allows the lender to recover its costs without making fees associated with the mortgage too burdensome on the borrower. The limitation on the fees paid to third-party closers is justified for the same reason. The costs to the state to administer the program are proportional to the activities incented.

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.

IFA did not identify any less restrictive alternatives.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or un-necessary language, including instances where rule language is duplicative of statutory language?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

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Yes.

Rule 45.1 should be updated to remove language that is duplicative of statutory language.

Rule 45.2 should be updated for clarity and to update the name of a referenced state department.

Rule 45.3 should be updated to remove language that is duplicative of statutory language.

Rule 45.5 should be updated for clarity and to remove unnecessarily restrictive terms.

Rule 45.6 should be updated for clarity and to remove unnecessarily restrictive terms.

Rule 45.7 should be updated to remove unnecessarily restrictive terms.

Rule 45.8 should be updated to remove unnecessarily restrictive terms and remove an obsolete reference to the Authority's website.

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 45
MANUFACTURED HOUSING
PROGRAM FUND

265—45.1(16) Purpose. Iowa Code section 16.45(1) states the purpose of these rules.

265—45.2(16) Definitions.

“*Authority*” means the Iowa finance authority.

“*Borrower*” means one or more individuals borrowing or seeking to borrow money for the purchase of a manufactured home sited on leased land.

“*Financial institution*” means a financial institution as defined in Iowa Code section 12C.1 that has been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

“*Fund*” means the manufactured housing program fund created pursuant to Iowa Code section 16.45.

“*Interlender loan*” means the lending of funds by a financial institution to a lender, which funds are, in turn, to be loaned by the lender to a borrower to finance the purchase of a manufactured home sited on leased land.

“*Lender*” means a lender as defined in Iowa Code section 537.1301 that is licensed by the banking division of the department of insurance and financial services and that has not been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

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

“*Mortgage loan*” means a loan from a financial institution or lender to a borrower to finance the purchase of a manufactured home.

“*Program*” means the manufactured housing program.

“*Revolving funds*” means the funds created by Iowa Code sections 16.46 through 16.49.

265—45.3(16) Sources of funds.

45.3(1) *Authorized transfers.* Authorized transfers to the fund are made pursuant to Iowa Code section 16.45(2)(a)-(b).

45.3(2) *Recapture and repayments—nonreversion.* Recapture of awards and other repayments to the fund are made pursuant to Iowa Code section 16.45(2)(c).

265—45.4(16) Program overview. The program is established as a means of facilitating affordable financing for the purchase of eligible manufactured homes to be sited on leased land located in the state of Iowa. By providing capital at a low interest rate in the form of linked deposits to financial institutions and lenders, the program is intended to enable financial institutions and lenders, in turn, to offer lower interest rate mortgage loans to borrowers or to enable financial institutions to offer interlender loans to lenders, the proceeds of which are, in turn, to be loaned to borrowers at low interest rates to finance the purchase of manufactured homes. The authority’s role is strictly that of a depositor, not a lender, loan guarantor, or loan participant.

265—45.5(16) Eligible financing.

45.5(1) *Lender participation agreement.* Linked deposits are made pursuant to a lender participation agreement to be created by the authority. If the mortgage loan is to be made by a financial institution, the lender participation agreement is between the authority and the financial institution. If the mortgage loan is to be made by a lender, the lender participation agreement is between the authority, the lender, and a financial institution.

45.5(2) *Eligible loans.* To be eligible for a linked deposit under the program, a mortgage loan is to meet all of the following:

- a. The mortgage loan is only for the purchase of a manufactured home as the borrower’s primary residence; refinancing is not eligible for the program;
- b. The manufactured home is sited on leased land located in the state of Iowa;
- c. The term of the mortgage loan is not to exceed 30 years;
- d. The mortgage loan is fully amortized;
- e. The terms of the mortgage loan contain no prepayment penalties;
- f. The interest rate payable on the mortgage loan is not to exceed 9 percent APR;
- g. Fees charged by the financial institution or lender to cover its costs of originating the mortgage loan (closing fees, origination fees, etc.) are, in the aggregate, not to exceed 1 percent of the principal mortgage loan amount;

- h.* Closing agent or settlement fees paid to third-party closers, if any, shall not exceed \$500;
- i.* Customary and reasonable closing costs are allowed; and
- j.* The financial institution or lender is to comply with all applicable fair lending laws and regulations.

265—45.6(16) Linked deposits. The process to create a linked deposit follows:

45.6(1) Once a financial institution or lender has received a completed loan application from a borrower, the financial institution or lender is to notify the authority via a linked deposit reservation request. The reservation request is on a form created and periodically updated by the authority. The form may be in a paper format or an online web-based format at the authority's discretion. The authority reviews, and approves or denies requests. If the reservation request is approved, the authority will tentatively reserve an amount in or available to the fund for up to 60 days for a linked deposit for the mortgage loan that was the subject of the request. No reservation is made if the requested mortgage loan amount exceeds the amount(s) in and available to the fund. The reservation is terminated if the mortgage loan does not close within the 60-day period. If the reservation request is denied, the authority will notify the financial institution or lender that originated the mortgage loan and state the reason for denial.

45.6(2) The financial institution or lender that originated the mortgage loan is to review the borrower's mortgage loan application, applying ordinary manufactured housing lending underwriting criteria. If the loan application is approved by the financial institution or lender, the financial institution or lender submits a request to the authority for a linked deposit. The request shall be on a form created and periodically updated by the authority and which may be in a paper format or an online web-based format at the authority's discretion.

45.6(3) Upon receipt of a linked deposit request, the authority will review the information provided and determine whether the mortgage loan is eligible under the program's criteria. If necessary, the authority may request additional information. If the mortgage loan is determined eligible, the authority will, if necessary to make the linked deposit, transfer moneys from one or more of the revolving funds, at the authority's discretion, into the fund to ensure there is a sufficient amount available in the fund to make the linked deposit. The authority then deposits with the financial institution an amount equal to the principal amount of the mortgage loan via automated clearing house (ACH) money transfer. The linked deposit is not security for the mortgage loan or for the interlender loan, if any, nor is it a loan guarantee. The lender or financial institution making the mortgage loan bears all financial risk for the mortgage loan. The financial institution bears all financial risk for any interlender loan. If the mortgage loan is determined ineligible, the authority will notify the financial institution or lender that originated the mortgage loan and state the reason for denial.

45.6(4) The authority shall receive monthly bank statements for the linked deposit account.

45.6(5) The moneys in the linked deposit account remain in the account for the duration of the mortgage loan. Annually, as of June 30, the financial institution or lender that originated the mortgage loan is to notify the authority of the amount of principal that has been repaid on the mortgage loan during the previous 12 months. The authority will then withdraw from the linked deposit account an amount equal to the principal that was repaid on the mortgage loan during the previous year so that the amount of the linked deposit equals the outstanding principal balance of the mortgage loan.

45.6(6) If a financial institution has more than one mortgage loan in the program, the linked deposits for those mortgage loans may be maintained in a single account.

45.6(7) The linked deposit for a mortgage loan is withdrawn in full if the mortgage loan is paid off, if the manufactured home purchased with the mortgage loan proceeds is destroyed, or if the borrower defaults on the mortgage loan.

45.6(8) The linked deposit account shall bear interest at a rate of not less than 1 percent per annum.

265—45.7(16) Limits on linked deposits. In any state of Iowa fiscal year, the authority is not to deposit more than 50 percent of the moneys in or available to the fund with any one financial institution pursuant to the program; provided,

however, that after the first six months of such fiscal year, the authority may make a linked deposit with any participating financial institution regardless of any amounts previously deposited with such financial institution.

265—45.8(16) Availability of moneys for linked deposits. The obligation of the authority to deposit funds into a linked deposit account is subject to the availability of moneys either in the fund or transferrable to the fund from the sources set forth in Iowa Code section 16.45, under the limitations set forth in that section.

These rules are intended to implement Iowa Code section 16.45.

****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	304
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	45

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

No.