

265—20.4(16) Program guidelines. For-profit and nonprofit sponsors are eligible to apply for assistance under this program based on the following program guidelines:

20.4(1) Projects eligible for assistance must meet the following criteria:

- a.* Projects must be developed using low-income housing tax credits.
- b.* Applicants must satisfy all of the requirements of the applicable qualified allocation plan, including the plan, application and application instructions, all applicable attachments and exhibits, and applicable provisions of the Internal Revenue Code and the accompanying Treasury regulations.
- c.* Assistance provided under this program must enable the project to maintain financial feasibility and affordability for at least the term of the assistance.
- d.* Operating and replacement reserve funds must be adequately funded in the amounts required by the applicable qualified allocation plan.

20.4(2) The following types of activities are eligible for assistance:

- a.* Acquisition and rehabilitation.
- b.* New construction.
- c.* Such other similar activities as may be determined by the authority to fall within the guidelines and purposes established for this program.

20.4(3) Assistance will be provided upon the following terms and conditions:

- a.* Generally, the minimum loan amount is \$100,000, and the maximum loan amount is \$2,000,000. The maximum loan term and amortization period are each 30 years.
- b.* The debt service ratio must be at least 1.25:1 for the authority's first mortgage, as calculated by the authority.
- c.* Interest rates will be set by the authority, in its sole discretion, at or below the applicable federal rate in effect at the time of closing.
- d.* Loans shall be secured by a first mortgage. Construction financing may be awarded to projects.
- e.* Recipients of assistance must agree to observe several covenants and restrictions, including but not limited to recorded affordability and transfer restrictions, all in accordance with such loan and mortgage documents as may be required by the authority under this program.
- f.* The recipient must provide adequate evidence that its title in the real estate on which the project is to be located is a marketable title pursuant to Iowa Land Title Examination Standards, or other applicable law. Adequate evidence of marketable title is demonstrated by either (1) a title opinion of an attorney authorized to practice law in Iowa showing that the loan recipient has marketable title, or (2) a title guaranty certificate issued by the title guaranty division of the Iowa finance authority showing the recipient as the guaranteed.
- g.* Recipients must execute such documents and instruments and must provide such information, certificates and other items as determined necessary by the authority, in its sole discretion, in connection with any assistance.

20.4(4) Loan fees.

- a.* Loan fees are as follows:
 - (1) Commitment fee (construction period) – 1.0 percent of loan amount.
 - (2) Commitment fee (permanent loan) – 2.0 percent of loan amount.
 - (3) Inspection fee (construction loan) – 0.5 percent of loan amount.
- b.* The authority may, in limited cases, reduce such fees if necessary in connection with assistance provided under this program. Such decision will be made in the sole discretion of the authority.