

APPENDIX G

REQUIREMENTS OF THE IOWA ROSE PROGRAM

SECTION 1. INTRODUCTION

The Iowa Renter to Ownership Savings Equity (ROSE) Program (“Program”) is only for low-income tenants which are qualified under the LIHTC Program. The Owner shall elect the 40/60 minimum set-aside for IRS elections and rent all Units at sixty percent (60%) or below AMI. This Program cannot be used in conjunction with State HOME Program funds. The Program has been established as an incubator to help tenants chosen for the Program (“Qualified Tenants”), move into homeownership. Qualified Tenants will have the opportunity to buy their home of choice after the initial lease period or to purchase the Qualified Tenant’s rental unit in the project at the end of the 15 year compliance period (“Compliance Period”), pursuant to IRC 42(h)(8)(1).

The Program Owner will rent single-family homes located within a project to persons interested in first-time homeownership under the Iowa ROSE. A desire for homeownership and a demonstrated willingness to address obstacles in obtaining and owning a home will be the focus of tenant selection and the services offered to the tenant, as outlined below. The Program is intended to help Qualified Tenants gain knowledge, training and savings to assist with home purchases.

SECTION 2. PROGRAM REQUIREMENTS

- A. The Owner shall adopt and present an Iowa ROSE homeownership plan, (“Plan”) in its Low Income Housing Tax Credit (“LIHTC”) Allocation Application package. The Plan must demonstrate how the project will meet Program requirements and detail how the purchase price will be determined, including but not limited to the Qualified Tenant’s monthly anticipated mortgage payment and tenant-paid utilities at the end of the Compliance Period. When the project is awarded tax credits the Plan will be included as an attachment to the Land Use Restrictive Covenants Agreement (“LURA”).
- B. Only detached single family homes, without an existing LURA, qualify for the ROSE program.
- C. The Owner shall elect the 40/60 minimum set-aside for IRS elections and rent all Units at sixty percent (60%) or below AMI.
- D. All Unit rents shall be sixty percent (60%) AMI LIHTC Units. The Project shall be one hundred percent (100%) LIHTC.
- E. All utilities shall be paid by the tenant.
- F. The Owner will screen applicants per its tenant selection criteria and select tenants in conformity with the requirements of the LIHTC and ROSE Programs.
- G. The Owner shall provide a prospective tenant a copy of Appendix G, “Requirements of the Iowa ROSE Program”. An acknowledgement of receipt will be obtained from an applicant accepted as a Qualified Tenant and maintained in the Qualified Tenant’s lease file.
- H. The Owner shall offer at no cost to Qualified Tenants personal homeownership counseling sessions with a housing counselor and document the date, time, place and content of these sessions. A housing counselor shall be an Iowa licensed residential insurance agent, real estate agent, personal financial planner, residential banker or accountant. Sessions should include but are not limited to helping a Qualified Tenant:
 - 1. Establish objectives in obtaining homeownership;
 - 2. Review progress;
 - 3. Identify areas of needed improvement; and
 - 4. Create a timetable to complete objectives.

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- I. The Owner shall offer at no cost to tenants semi-annual property maintenance workshops and document the date, time, place and content of these workshops. Workshops should include but are not limited to helping a tenant:
1. Become familiar with electrical, heating and plumbing systems;
 2. Address problems identified in maintenance inspections;
 3. Recognize and teach seasonal preventative maintenance; and
 4. Develop home maintenance skills.
- J. Program Savings Account: In years 1 through 15 of the ROSE Program the Owner shall contribute a minimum of \$50 of the tenants monthly rent to a ROSE Program Savings Account ("Program Savings"). Should a tenant vacate the Unit, the accumulated balance in the Program Savings allocated to this tenant shall be returned to such tenant. Interest earned on the account shall go to the tenant. The Program Savings is not a rental or security deposit. The landlord shall return savings to the tenant within 30 days from the date of termination of the tenancy.
- K. Owners shall provide a plan to sell the house to an existing LIHTC tenant at the end of the Compliance Period. At the completion of the Compliance Period, the Unit shall be offered to the current tenant in accordance with Internal Revenue Code 42(i)(7), the Owner's Iowa ROSE updated and approved homeownership plan and the requirements of the Iowa ROSE Program, Appendix G.
- L. The Owner shall provide a lease that specifies:
1. A Qualified Tenant shall be delivered notice of right of first refusal to purchase said Qualified Tenant's rental unit ("Right of First Refusal") six months before the end of the Compliance Period (15th year in the LIHTC Program); and
 2. A Qualified Tenant shall have the opportunity to participate in the Iowa ROSE Program and the Owner will deposit a Contribution (amount of Contribution) on behalf of the tenants; and
 3. The Owner shall provide quarterly personal housing counseling sessions and semi-annual home maintenance workshops in which the tenants shall be encouraged to participate. Program Savings cannot be withheld from a Qualified Tenant for lack of attendance or non-participation in counseling or maintenance offerings; and
 4. Program Savings will be distributed prior to move-out if homeownership is attained. Program Savings will be directly paid to the Qualified Tenant's lending institution or closing settlement agent on behalf of the Qualified Tenant in obtaining homeownership. Evidence of purchase is required to release funds prior to the end of tenancy and this evidence must be documented in the tenant file; or
 5. A tenant has the right to be refunded Program Saving after tenancy ends. Program Savings will be returned within 30 days from the date of termination of the tenancy with receipt of the tenant's mailing address or delivery instructions for return. Documentation of the amount and date of return of the funds should be kept with the tenant file in accordance with file retention requirements.
- M. The Owner shall include with its annual compliance submission, the following:
1. A record of all monthly Program Savings deposits, distributions and a copy of the last bank statement for the year reported.
 2. Documentation of the Program Savings account contributions, withdrawals and distributions must be available during compliance reviews or as requested by IFA at its discretion.
- N. The Owner shall deliver by certified mail, return receipt requested, to a Qualified Tenant at least six months before, but no earlier than seven months before, the end of the Compliance Period, an enforceable written offer of Right of First Refusal. A Qualified Tenant shall have six months after such notice to accept or reject the offer and at least six months after the end of the Compliance Period to close on the Qualified Tenant's unit.
- O. The Owner shall not request a Qualified Contract pursuant to IRC 42 (h)(6)(F) until all Qualified Tenants have purchased and closed on their respective units, or have not timely exercised their Rights of First Refusal.

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1. If a Qualified Contract is not requested, any units not sold to tenants will remain as rental units in the LIHTC Program beyond the Compliance Period, an additional 15 years (the "Extended Use Period").
 2. After all Qualified Tenants who elect to do so have exercised their Right of First Refusal and have closed on their respective units, the Owner can request a Qualified Contract for any remaining units pursuant to the Code and the Iowa Finance Authority processing requirements.
 3. If a Qualified Contract is approved, the Section 42 rent requirements in favor of the existing tenants shall continue for a period of three years following the termination of the Extended Use Period.
- P. The Owner shall have a Capital Needs Assessment performed for the project by a third-party contractor and make improvements as needed prior to offering the units for sale to the Qualified Tenants. Any replacement reserves available will be used to make improvements. If the reserves are not sufficient, the Owner will provide other sources of funds to make the needed repairs. The Owner may retain any security deposit for tenant damages in accordance with state law.
- Q. Before the Right of First Refusal is extended to the Qualified Tenants, the Owner shall provide IFA, for its approval, an updated initial Plan or a replacement Plan illustrating how the purchase price is being determined for each unit and attaching current market evidence of the Qualified Tenants' monthly anticipated mortgage payments and tenant-paid utilities. This updated or replacement Plan must be submitted to IFA by the end of the first month in year 15 of the Compliance Period, to allow IFA time to review and approve the updated or replacement Plan. This homeownership commitment must remain true to the tax credit program by ensuring that the opportunity for homeownership is directed at low-income households at an affordable price.
- R. The Owner shall be responsible for all project building and grounds maintenance, including the supplies and labor incident to such maintenance.
- S. During the Compliance Period the Owner shall provide Qualified Tenants with quarterly homeownership bulletins, that shall address topics such as:
1. Homeownership programs and opportunities;
 2. Home purchase financing options;
 3. Home maintenance and landscaping techniques;
 4. Successful homeowner profiles;
 5. News from neighborhood organizations; and
 6. Budget and consumer tips.

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The Tenant Acknowledgment and Understanding of the Iowa ROSE Program Requirements

Acknowledgment and understanding with respect to the Iowa ROSE Program is entered into by and between Owner and Qualified Tenant(s) listed below. A "Qualified Tenant" is the Head of Household and/or Co-Head of Household.

Owner Entity Name: _____
Owner Name: _____
Authorized Agent
for the Owner: _____
Name: _____
Title: _____

Signature of Owner or Authorized Agent

DATE

If an accommodation for a disability is needed, an accommodation request should be submitted in writing to the Owner. (If an accommodation request is provided orally, the Owner must document the request in writing, including the person making the request, what accommodation was requested, and date of the request).

By Qualified Tenant(s):

DATE

DATE

DATE

A copy of this fully executed Acknowledgment and Understanding shall be kept in the tenant file.



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The Owner/GP Acknowledgment and Understanding of the Iowa ROSE Program Requirements 2019 Round Application

Acknowledgment and understanding with respect to the Iowa Finance Authority's Iowa ROSE Program is entered into by the Owner and General Partner at the time of application for Low Income Housing Tax Credits.

Project Name:

Owner Entity Name:

Signature of Authorized Representative of the Owner Entity

DATE

Signature of Authorized Representative of the General Partner/Managing Member

DATE

The Owner shall upload a copy of the Iowa ROSE Homeownership Plan and a signed copy of this Acknowledgment of Understanding under 2S of the on-line Application.