

## CHAPTER 412

## INDUSTRIAL LOAN COMPANIES

S. F. 132

AN ACT to regulate industrial loan companies, to define and provide for the licensing of such businesses, to specify the powers of industrial loan companies, to prescribe penalties and to provide for the administration and enforcement of this Act.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 SECTION 1. **Title.** This Act may be referred to as the "Iowa In-  
2 dustrial Loan Law".

1 SEC. 2. **Definitions.** The following words and terms when used in  
2 this Act shall have the following meanings unless the context clearly  
3 requires a different meaning:

4 1. "Corporation" shall mean any corporation for pecuniary profit  
5 organized under the laws of the state of Iowa;

6 2. "License" shall mean a permit or authorization issued or required  
7 under the provisions of this Act to make loans in accordance with this  
8 Act at a single location or place of business;

9 3. "Licensee" shall mean a corporation to which a license has been  
10 issued;

11 4. "Auditor" shall mean the auditor of the state of Iowa;

12 5. "Industrial Loan Company" shall mean a corporation operating  
13 under the provisions of this Act and engaged in the business of loaning  
14 money to be repaid in one (1) payment or in weekly, monthly or other  
15 periodic installments and the charging, receiving or requiring of inter-  
16 est, discount, fees, compensation or charges of whatever nature or kind  
17 for the use of such money and for the services to be rendered to the  
18 borrower in connection with the loan. The term "Industrial Loan  
19 Company" shall not include those businesses specifically exempted in  
20 section five (5) of this Act.

1 SEC. 3. **License.** No corporation shall engage in the business of  
2 operating an "Industrial Loan Company" in the state of Iowa without  
3 first having obtained a license from the auditor of the state of Iowa.

1 SEC. 4. **Limitations.** No license shall be issued to any individual,  
2 partnership, non-profit organization or unincorporated association.  
3 Not more than one (1) place of business where loans are made shall  
4 be maintained under the same license but the auditor may issue more  
5 than one (1) license to the same licensee upon compliance, for each  
6 such additional license, with all the provisions of this Act governing  
7 an original issuance of a license.

1 SEC. 5. **Exemptions.** The provisions of this Act shall not apply to  
2 businesses organized or operating as permitted under the authority of  
3 any law of this state, or of the United States, relating to banks, trust  
4 companies, building and loan associations, savings and loan associa-  
5 tions, insurance companies, small loan companies organized under the  
6 provisions of chapter five hundred thirty-six (536) of the Code, or  
7 credit unions; nor shall the provisions of this Act apply to persons,  
8 firms or corporations that make no loans excepting on notes secured  
9 by first mortgages on real estate, nor shall the provisions of this Act

10 apply to licensed real estate brokers or salesmen, persons or corpora-  
11 tions engaged exclusively in the business of purchasing commodity  
12 financing or commercial paper, pawn brokers or persons engaged in  
13 the mercantile business. The provisions of this Act shall not apply to  
14 loans made to any domestic or foreign corporation.

1     **SEC. 6. Administration.** The auditor of the state of Iowa is here-  
2 by invested with the power, authority and duty to supervise the oper-  
3 ation of industrial loan companies in the state of Iowa in accordance  
4 with the provisions of this Act.

1     **SEC. 7. Application for License.** Applications for licenses to en-  
2 gage in the business of operating industrial loan companies shall be in  
3 writing on such forms as may be prescribed by the auditor. The appli-  
4 cation shall give the name of the corporation, the location where the  
5 business is to be conducted, the street address of the place of business,  
6 the names and addresses of the officers and directors of the corporation  
7 and such other relevant information as the auditor shall require. At  
8 the time of making such application the applicant shall pay to the  
9 auditor the sum of fifty (50) dollars to cover the cost of the investiga-  
10 tion of the applicant. The applicant shall also pay to the auditor the  
11 sum of fifty (50) dollars as an annual license fee for the period ending  
12 December 31st next following the application; provided that if the  
13 license is granted after June 30th in any year, the license fee for the  
14 remainder of that year shall be twenty-five (25) dollars and any  
15 license fee paid by the applicant in excess of that amount shall be  
16 refunded by the auditor.

1     **SEC. 8. Capital Stock Requirement.** The paid in capital stock of  
2 any corporation engaged in the business of operating an industrial  
3 loan company shall not be less than twenty-five thousand (25,000)  
4 dollars when the corporation is transacting business in any city or  
5 town having less than twenty-five thousand (25,000) inhabitants ac-  
6 cording to the last preceding decennial census. The paid in capital  
7 stock of any corporation engaged in the business of operating an in-  
8 dustrial loan company in any city having a population of more than  
9 twenty-five thousand (25,000) inhabitants according to the last pre-  
10 ceeding decennial census shall not be less than fifty thousand (50,000)  
11 dollars. The paid in capital stock of any corporation engaged in the  
12 business of operating an industrial loan company outside the limits of  
13 any incorporated city or town shall not be less than fifty thousand  
14 (50,000) dollars. Every corporation engaged in the industrial loan  
15 business in the state of Iowa shall have a surplus of not less than ten  
16 (10) percent of its paid in capital stock.

1     **SEC. 9. Investigation of Application.** Upon the filing of an appli-  
2 cation for a license to engage in the business of operating an industrial  
3 loan company, and upon payment of the investigation fee and license  
4 fee as required by section seven (7) of this Act, the auditor shall cause  
5 an investigation to be made of the facts set forth in the application.  
6 If as the result of his preliminary investigation the auditor deems it  
7 proper, the auditor may hold a hearing at a time and place designated  
8 by him for the purpose of completing his investigation.

1     **SEC. 10. Issuance of License.** If the auditor shall find:

2     1. That the financial responsibility, experience, character and gen-  
3     eral fitness of the applicant and of the officers thereof are such as to  
4     command the confidence of the community, and to warrant the belief  
5     that the business will be operated honestly, fairly and efficiently within  
6     the purpose of this Act;

7     2. That a reasonable necessity exists for a new industrial loan com-  
8     pany in the community to be served;

9     3. That the applicant has available for the operation of the business  
10    at the specified location paid in capital and surplus as required by sec-  
11    tion eight (8) of this Act; and

12    4. That the applicant is a corporation organized for pecuniary profit  
13    under the laws of the state of Iowa.

14    The auditor shall approve the application and issue to the applicant  
15    a license to engage in the industrial loan business in accordance with  
16    the provisions of this Act. The auditor shall approve or deny an appli-  
17    cation for a license within one hundred twenty (120) days from the  
18    date of the filing of such application.

1     **SEC. 11. Denial of License.** If the auditor shall not approve the  
2     application, he shall prepare a written denial of the application with a  
3     written finding of facts which shall be sent by certified mail to the  
4     applicant. Within fifteen (15) days after mailing of notice of the  
5     denial of its application, the applicant may file with the auditor a writ-  
6     ten demand for a hearing on the application. Upon such demand being  
7     made, the auditor must within thirty (30) days hold a formal hearing  
8     at his office in Des Moines, Iowa, notice of the time of which hearing  
9     shall be given by the auditor to the applicant by mail within fifteen  
10    (15) days after the filing of the written demand by the applicant.  
11    Notice of the time and place of hearing shall also be given by the  
12    auditor to all corporations holding licenses to engage in the industrial  
13    loan business in the county where the applicant proposes to establish  
14    its business and notice of said time and place of hearing shall be pub-  
15    lished pursuant to section six hundred eighteen point fourteen  
16    (618.14) of the Code.

17    At the formal hearing after the original denial of the license by the  
18    auditor the applicant shall be entitled to present evidence in support  
19    of his application. The auditor shall then grant or deny the applica-  
20    tion for a license within thirty (30) days from the date of the formal  
21    hearing and give notice to the applicant by a decision and finding of  
22    facts in writing. If the application for a license is disapproved and a  
23    license is denied the auditor shall refund the annual license fee which  
24    was required to be deposited by section seven (7) of this Act provid-  
25    ing the cost of investigation does not exceed the license fee after the  
26    state auditor has deducted the cost of investigation. In no case can  
27    the cost of investigation exceed the license fee and if the cost of in-  
28    vestigation is less than the license fee, the surplus shall be refunded  
29    to the applicant.

30    The decision and finding of facts of the auditor shall not become  
31    final if any applicant within thirty (30) days from issuance of such  
32    decision and finding of facts, shall appeal to the district court of Polk  
33    County, Iowa. The district court shall have power to enter such orders

34 as justice shall require, and shall set aside the decision of the auditor  
35 if it is found that:

- 36 1. The auditor acted arbitrarily, capriciously or in excess of his  
37 power.  
38 2. The decision was obtained by fraud.  
39 3. The decision was contrary to law.

1 **SEC. 12. Continuing License — Annual Fee — Change of Location.**

2 Each such license shall remain in full force and effect until surren-  
3 dered, revoked, or suspended. Every licensee shall, on or before the  
4 second day of January, pay to the auditor the sum of fifty (50) dollars  
5 as an annual license fee for the succeeding calendar year. When a  
6 licensee shall change its place of business from one location to another  
7 in the same city or town it shall at once give written notice thereof  
8 to the auditor who shall attach to the license in writing his record of  
9 the change and the date thereof, which shall be authority for the oper-  
10 ation of such business under such license at the new place of business.

1 **SEC. 13. Books and Records.** Each industrial loan company shall

2 keep such books, accounts and records as will enable the auditor to  
3 determine whether or not the licensee is complying with the provisions  
4 of this Act. Industrial loan companies shall not be required to pre-  
5 serve or keep their records or files for a longer period than eleven (11)  
6 years next after the first day of January of the year following the time  
7 of the making or filing of such records or files.

1 **SEC. 14. Annual Report.** Each licensee shall annually on or before  
2 the fifteenth day of March file with the auditor a report in writing  
3 showing the results of the operation of its industrial loan business for  
4 the previous calendar year, which report shall contain:

- 5 1. A balance sheet showing all assets and liabilities as of the thirty-  
6 first day of December next preceding.  
7 2. An operating statement showing income, expenses and net profit  
8 for the previous calendar year.  
9 3. Such other relevant information as the auditor shall reasonably  
10 require.

11 The report shall be verified under oath by the president and secre-  
12 tary of the corporation. The auditor shall make and publish annually  
13 an analysis and recapitulation of such reports.

1 **SEC. 15. Examination of Licensees.** The auditor or his duly au-

2 thorized representative shall, at least once each year without previous  
3 notice, examine and audit the books, accounts and records of each  
4 licensee engaged in the industrial loan business as defined by this Act.  
5 Any licensee, in lieu of such examination and audit by the auditor or  
6 his duly authorized representative, at the option of the auditor, may  
7 be audited at the expense of the licensee by a certified public account-  
8 ant licensed to practice in the state of Iowa. After receiving such an  
9 audit the auditor may make such further examination of the licensee  
10 as he may deem necessary. A record of each examination shall be kept  
11 in the auditor's office. Such examinations and reports, and other in-  
12 formation connected therewith, shall be kept confidential in the office  
13 of the auditor and shall not be subject to publication or disclosure to  
14 others except as in this chapter provided. Any evidence of criminal

15 acts committed by officers, directors or employees of any industrial  
16 loan association shall be reported by the auditor to the proper author-  
17 ities. The licensee shall be charged and shall pay the actual costs of the  
18 examination.

1     **SEC. 16. Cease and Desist Orders.** Whenever the auditor has rea-  
2 sonable cause to believe that any licensee is violating any provision of  
3 this Act, he may, after ten (10) days advance written notice, in addi-  
4 tion to all actions provided for in this Act, and without prejudice  
5 thereto, enter an order requiring such licensee to cease, desist and  
6 refrain from such violation. After receipt of the advance written  
7 notice as provided above, any licensee, within five (5) days from the  
8 receipt of such notice may file with the auditor a written demand for  
9 a hearing. Such hearings shall promptly be held in the office of the  
10 auditor and no cease and desist order shall be issued until after the  
11 hearing during which the licensee shall be entitled to present evidence  
12 and the testimony of witnesses.

1     **SEC. 17. Injunctions.** The auditor by counsel of the attorney gen-  
2 eral may commence an action in any court of competent jurisdiction,  
3 in the name of the state of Iowa as plaintiff on the relation of such  
4 auditor to restrain and enjoin any licensee from violating the provi-  
5 sions of this Act or to restrain and enjoin any person, co-partnership,  
6 firm or corporation from engaging in the business of operating an  
7 industrial loan company without obtaining a license as required by this  
8 Act.

1     **SEC. 18. Revocation or Suspension of License.** The auditor, upon  
2 giving ten (10) days advance written notice to the licensee by certified  
3 mail stating his contemplated action and the grounds thereof, and after  
4 giving the licensee an opportunity to be heard, may by order in writing  
5 suspend or revoke any license issued under the provisions of this Act,  
6 if the auditor shall find:

7     1. That the licensee has failed to pay the annual license fee required  
8 by this Act.

9     2. That the licensee knowingly has violated any of the provisions of  
10 this Act.

11     3. That the licensee has refused to submit to the examination re-  
12 quired by this Act.

13     4. That the licensee has neglected or refused for a period of more  
14 than thirty (30) days to pay a final judgment rendered against it in  
15 the courts of this state.

16     5. That the licensee has become insolvent.

17     No suspension, revocation, relinquishment or expiration of any  
18 license shall invalidate, impair or affect the legality of obligations of  
19 any pre-existing contracts, or prevent the enforcement and collection  
20 thereof; and provided further that any such suspension or revocation  
21 shall not become final if any licensee, within thirty (30) days from  
22 entry of such order suspending or revoking its license appeals to the  
23 district court of Polk County, Iowa.

24     The district court of Polk County, Iowa, shall have the power to  
25 enter such order as justice shall require pending the hearing of such  
26 appeal, and shall set aside the order or decision of the auditor if it be  
27 found that:

- 28 1. The auditor acted arbitrarily, capriciously or in excess of his  
29 power.  
30 2. The order or decision was obtained by fraud.  
31 3. The order or decision is contrary to law.

1 **SEC. 19. Receivership—Liquidation.** If the auditor shall revoke  
2 the license of any industrial loan company he shall promptly report  
3 the revocation to the attorney general of Iowa who may apply to the  
4 district court of the county in which the licensee had conducted its  
5 business for the appointment of a receiver to take possession of the  
6 assets of the corporation for the purpose of liquidating its affairs.

1 **SEC. 20. Advertising.** No industrial loan company shall advertise,  
2 print, display, publish, distribute, broadcast or disseminate in any  
3 manner or cause or permit to be advertised, printed, displayed, pub-  
4 lished, distributed, or broadcast in any manner whatsoever, any false,  
5 misleading or deceptive statements or representations concerning  
6 rates, terms or conditions under this chapter. Violations of any of the  
7 provisions of this paragraph shall be punishable as provided in section  
8 seven hundred thirteen point twenty-four (713.24) of the Code.

1 **SEC. 21. Other Business in Same Office.** A licensee engaged in the  
2 business of operating an industrial loan company under the provisions  
3 of this Act may not conduct its business within any office, room, suite  
4 or place of business in which any other business is engaged in or con-  
5 ducted, unless specifically authorized to do so in writing by the auditor  
6 upon his finding that the character of the other business is such that  
7 its operation by the licensee would not facilitate evasions of this Act  
8 or any other statute of the state of Iowa relating to the making of  
9 loans.

1 **SEC. 22. Thrift Certificates.** Licensed industrial loan companies  
2 may sell thrift certificates, installment thrift certificates, certificates  
3 of indebtedness, promissory notes or similar evidences of indebted-  
4 ness. The total amount of such thrift certificates, installment thrift  
5 certificates, certificates of indebtedness, promissory notes or similar  
6 evidences of indebtedness outstanding and in the hands of the general  
7 public shall not at any time exceed ten (10) times the total amount of  
8 capital, surplus, undivided profits and subordinated debt that gives  
9 priority to such securities of the issuing industrial loan company. The  
10 sale of such securities shall be subject to the provisions of chapter five  
11 hundred two (502) of the Code, and shall not be construed to be  
12 exempt therefrom by reason of the provisions of subparagraphs seven  
13 (7) and eight (8) of section five hundred two point four (502.4),  
14 Code 1962.

1 **SEC. 23. Powers of Industrial Loan Companies.** No industrial loan  
2 company licensed under the provisions of this Act shall have the power  
3 and authority to:

- 4 1. Charge, receive or collect interest at a rate greater than that  
5 authorized by section five hundred thirty-five point two (535.2) of the  
6 Code, except that the interest may be computed when the note is made  
7 on the full amount of the cash advanced on the loan from the date of  
8 the note to the date of the final installment thereof, and the interest so  
9 computed may be included in the note, notwithstanding any agreement

10 to pay the entire amount in installments; or the interest may be com-  
11 puted on the amount of the note and discounted or collected in advance  
12 when the loan is made, notwithstanding any agreement to pay the  
13 entire amount in installments. If the note is repayable in other than  
14 equal monthly installments, the interest may be an amount computed  
15 on the basis of the effective rates permitted as provided above; pro-  
16 vided, however, there shall be no compounding of interest and when  
17 an interest rate as authorized herein is advertised, or negotiated for  
18 with a prospective borrower, with intent that it be computed by either  
19 of the two methods authorized herein, they being the "add on" method  
20 or the "discount" method, in such case such rate shall be further de-  
21 scribed as to the method of computation to be used.

22 2. Charge, receive or collect in advance a service charge in excess of  
23 one (1) dollar for each fifty (50) dollars of the amount of the note,  
24 nor in excess of a total of forty (40) dollars. The service charge au-  
25 thorized by this section shall not be charged, contracted for, collected  
26 or received on any loan which is renewed or rewritten within six (6)  
27 months of the date of the original note; nor on that part of a new loan  
28 made to the same borrower by the same company which is used to  
29 discharge a prior loan made to the same borrower by the same com-  
30 pany.

31 3. Charge or collect from the borrower or borrowers a delinquency  
32 charge in excess of five (5) percent of any installment or portion  
33 thereof which is past due and not paid within ten (10) days after its  
34 scheduled due date. There shall be only one delinquency charge on any  
35 one such installment. Such delinquency charge may be collected when  
36 due or at any time thereafter.

37 4. Charge or collect from the borrower or borrowers a deferment  
38 charge unless the payment due date on all unpaid installments, on  
39 which no delinquency charge has been collected, is deferred sixty (60)  
40 days or more, in which event an industrial loan company may charge  
41 and collect a deferment charge not in excess of one (1) percent of the  
42 balance of the loan at the time of deferment. There shall be only one  
43 deferment charge on any one loan.

44 5. Require any borrower to purchase insurance from the lender as  
45 a condition for obtaining a loan. However, an industrial loan company  
46 may collect from the borrower, at the option of the borrower, and  
47 transmit the premiums charged for insuring real or personal property  
48 used by the borrower as security for a loan and provided that such  
49 insurance is obtained from a licensed insurance agent for an insurance  
50 company authorized to do business in Iowa; and the premiums charged  
51 for insuring the life of one party on the loan in an amount not to  
52 exceed the total amount of the note or contract, including cash ad-  
53 vance, interest and service charge, provided that no licensee shall re-  
54 quire that the contract of life insurance be outstanding for more than  
55 the unpaid balance of the indebtedness and provided that such insur-  
56 ance is obtained from a licensed insurance agent for an insurance  
57 company authorized to do business in Iowa; and an industrial loan  
58 company may receive and transmit the premiums charged for accident  
59 and health insurance on the borrower, provided such insurance bears  
60 a reasonable relationship to the existing hazards or risk of loss, and  
61 the aggregate benefits of which shall not exceed the approximate

62 amount of the contractual payments on the loan outstanding at the  
63 time of loss, and provided that such insurance is obtained from a  
64 licensed agent for an insurance company authorized to do business in  
65 Iowa. However, all life insurance rates in connection with industrial  
66 loans shall be subject to the rules and regulations of the insurance  
67 commissioner of the state of Iowa.

68 6. Collect from the borrower fees in excess of those actually paid to  
69 a public official for recording or filing a mortgage or for satisfying a  
70 judgment or lien on any real or personal property securing a loan, how-  
71 ever, a licensee may collect the actual cost for the appraisal of real or  
72 personal property offered by the borrower as security for a loan, and  
73 may collect from the borrower a reasonable attorney's fee paid for an  
74 opinion as to the title to real property securing a loan. Industrial loan  
75 companies licensed under the provisions of this Act may purchase  
76 notes, contract, mortgages, accounts, receivables, leases and securities  
77 of a type and kind authorized by the auditor.

78 7. Loan money to any person without setting out in the contract of  
79 loan, or by separate statement delivered at the time said loan is made,  
80 an itemized list that shall set out separately all interest, discount, fees,  
81 compensation or charges made, pertaining to such loan. Such interest  
82 or discount shall be expressed in terms of simple annual interest in  
83 percentage form or in total dollars computed on the basis that pay-  
84 ments on such instrument will be made at the scheduled times; and  
85 for a year in case such loan does not have a specified time or times of  
86 payment.

1 SEC. 24. No industrial loan and investment company shall induce  
2 or permit any person, nor any husband and wife, jointly or severally,  
3 to become obligated, directly or contingently or both, under more than  
4 one contract of loan at the same time for the purpose of obtaining a  
5 higher rate of charge than would be permitted if all of the obligations  
6 of such person to such company were consolidated into one obligation.

1 SEC. 25. **Restrictions.** No industrial loan company licensed under  
2 this Act shall make any loan of money or property to, or guarantee the  
3 obligations of, any of its directors or officers; or loan to any borrower,  
4 other than a subsidiary or affiliated corporation, more than twenty  
5 (20) percent of its total capital, surplus and undivided profits. No  
6 licensee shall make any loan under any other name or at any other  
7 place of business than that named in the license.

1 SEC. 26. **Prepayment.** Notwithstanding the provisions of any  
2 note or contract to the contrary, a borrower may, at any time, prepay  
3 all or any part of the unpaid balance to become payable under any note  
4 or installment contract. If the borrower pays the time balance in full,  
5 before maturity, or accelerates the monthly or other periodic install-  
6 ments, the licensee shall refund to him a portion of the interest. The  
7 borrower shall receive for such anticipation of payments a refund in  
8 an amount which shall represent at least as great a proportion of the  
9 interest as the sum of the periodic time balances after the month in  
10 which prepayment is made to the extent of the accelerated install-  
11 ments, bears to the sum of all the periodic time balances under the



12 schedule of payments in the original note or installment investment  
13 certificate; provided however, that no refund need be paid on the  
14 service charge; and provided that if the amount of the refund is less  
15 than one (1) dollar no refund need be made, and that no refund for  
16 accelerated payments need be made on any installment payment made  
17 less than thirty-one (31) days prior to the due date of said installment.

1 **SEC. 27. Existing Industrial Loan Companies.** A corporation, or-  
2 ganized under the laws of the state of Iowa shall be issued a license  
3 hereunder by the auditor for each established office in this state which  
4 on the date this Act becomes effective was engaged in the business of  
5 making loans under the provisions of section four hundred twenty-  
6 nine point eleven (429.11) of the Code; provided such corporation has  
7 received from the auditor an auditor's certificate as required by section  
8 four hundred twenty-nine point thirteen (429.13) of the Code. The  
9 license referred to in this section shall be issued for each such estab-  
10 lished office upon the effective date of this Act, without the notice,  
11 investigation, hearing and findings required by sections nine (9), ten  
12 (10) and eleven (11) of this Act. On or before January 1, 1966, all  
13 existing industrial loan companies shall have the capital and surplus  
14 required by section eight (8) of this Act to be eligible for subsequent  
15 licensing.

1 **SEC. 28. Penalty.** If any officer, director or agent of any corpora-  
2 tion engaged in the business of operating an industrial loan company  
3 shall violate any of the provisions of this Act; or if any person indi-  
4 vidualy or as a partner, or officer, director or agent of any corporation  
5 shall engage in the business of operating an industrial loan company  
6 without obtaining the license required by section three (3) of this Act,  
7 he shall be guilty of a misdemeanor and upon conviction thereof shall  
8 be punishable by a fine of not more than five hundred (500) dollars or  
9 by imprisonment in the county jail for not more than six (6) months,  
10 or by both such fine and imprisonment.

1 **SEC. 29. Rules and Regulations.** The auditor is hereby authorized  
2 and empowered to make such reasonable and relevant rules and regu-  
3 lations, not inconsistent herewith, as may be necessary for the enforce-  
4 ment of the provisions of this Act.

1 **SEC. 30. Repeal.** Sections four hundred twenty-nine point eleven  
2 (429.11), four hundred twenty-nine point twelve (429.12) and four  
3 hundred twenty-nine point thirteen (429.13), Code 1962, are hereby  
4 repealed.

1 **SEC. 31. Separability.** If any provision, clause or phrase of this  
2 Act or the application thereof to any person or circumstances is held  
3 invalid such invalidity shall not affect other provisions or applications  
4 of this Act which can be given effect without the invalid provisions or  
5 application, and to this end the provisions of this Act are declared to  
6 be separable.

1 **SEC. 32.** This Act being deemed of immediate importance shall be  
2 in full force and effect from and after its publication in The Telegraph-

- 3 Herald, a newspaper published at Dubuque, Iowa, and in The Daily  
4 Times, a newspaper published at Davenport, Iowa.

Approved May 20, 1965.

I hereby certify as an amendment to the foregoing certification that the correct names of the newspapers designated to publish Senate File 132, are the Times-Democrat, Davenport, Iowa, and The Telegraph-Herald, Dubuque, Iowa.

GARY L. CAMERON, *Secretary of State.*

I hereby certify that the foregoing Act, Senate File 132, was published in the Times-Democrat, Davenport, Iowa, May 25, 1965, and in The Telegraph-Herald, Dubuque, Iowa, May 27, 1965.

GARY L. CAMERON, *Secretary of State.*

## CHAPTER 413

### UNIFORM COMMERCIAL CODE

S. F. 227

AN ACT to be known as the Uniform Commercial Code, relating to certain commercial transactions in or regarding personal property and contracts and other documents concerning them, including sales, commercial paper, bank deposits and collections, letters of credit, bulk transfers, warehouse receipts, bills of lading, other documents of title, investment securities, and secured transactions, including certain sales of accounts, chattel paper, and contract rights; providing for public notice to third parties in certain circumstances; regulating procedure, evidence and damages in certain court actions involving such transactions, contracts or documents; to make uniform the law with respect thereto; and repealing inconsistent legislation.

*Be It Enacted by the General Assembly of the State of Iowa:*

### ARTICLE 1

### GENERAL PROVISIONS

#### PART 1

#### SHORT TITLE, CONSTRUCTION, APPLICATION AND SUBJECT MATTER OF THE ACT

- 1 SEC. 1101. **Short title.** This Act shall be known and may be cited  
2 as Uniform Commercial Code.
- 1 SEC. 1102. **Purposes—rules of construction—variation by agree-**  
2 **ment.**
- 3 1. This Act shall be liberally construed and applied to promote its  
4 underlying purposes and policies.
- 5 2. Underlying purposes and policies of this Act are
- 6 a. to simplify, clarify and modernize the law governing commercial  
7 transactions;
- 8 b. to permit the continued expansion of commercial practices  
9 through custom, usage and agreement of the parties;
- 10 c. to make uniform the law among the various jurisdictions.
- 11 3. The effect of provisions of this Act may be varied by agreement,