

1 SEC. 2. Section five hundred twenty-four point nine hundred four  
 2 (524.904), subsection two (2), paragraph a, subparagraph three (3),  
 3 Code 1973, is amended to read as follows:

4 (3) Obligations in the form of notes or drafts secured by bills of  
 5 lading, bills of sale or security agreements covering feeder livestock  
 6 ~~when the proceeds of such obligations shall have been given as pur-~~  
 7 ~~chase money for all or part of the purchase price of such feeder live-~~  
 8 ~~stock, but not to exceed the total purchase price thereof or female~~  
 9 ~~animals purchased and held for resale, or raised and held for sale prior~~  
 10 ~~to giving birth to their first off-spring or after giving birth to but prior~~  
 11 ~~to weaning of their first off-spring. Such livestock loans, including~~  
 12 ~~renewals or extensions thereof, made under the foregoing provisions~~  
 13 ~~shall not be made for a period in excess of eighteen months. In the~~  
 14 ~~case of purchase price livestock, the proceeds of such obligations shall~~  
 15 ~~have been given as purchase money for all or part of the purchase~~  
 16 ~~price of such livestock, but not to exceed the purchase price thereof.~~  
 17 ~~In the case of nonpurchase livestock, the proceeds of such obligations~~  
 18 ~~shall not be in an amount in excess of the prevailing local market price~~  
 19 ~~at the time of the loan, and the bank shall maintain proof of this fact.~~

1 SEC. 3. Section five hundred twenty-four point one thousand two  
 2 (524.1002), subsection two (2), Code 1973, is amended to read as fol-  
 3 lows:

4 2. Funds of a fiduciary account may be deposited in the state bank  
 5 which is acting as fiduciary, either as demand deposits, savings de-  
 6 posits or, for a period not exceeding one year, in single maturity time  
 7 deposits or *automatically renewable time deposits for the same lengths*  
 8 *of time as originally issued.*

Approved February 20, 1974

## CHAPTER 1247

### SAVINGS AND LOAN ASSOCIATIONS

S. F. 551

AN ACT relating to investments and administration of state chartered savings and loan associations.

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

1 SECTION 1. Section five hundred thirty-four point seventeen  
 2 (534.17), subsection one (1), Code 1973, is amended to read as fol-  
 3 lows:

4 1. In securities without limit, in obligations of, or guaranteed as to  
 5 principal and interest by, the United States or this state; in stock of a  
 6 federal home loan bank of which it is eligible to be a member, and in  
 7 any obligation or consolidated obligations of any federal home loan  
 8 bank or banks; in stock or obligation of the federal savings and loan  
 9 insurance corporation; in stock or obligations of a national mortgage

10 association or any successor or successors thereto; in demand, time  
11 or savings deposits, *in bankers acceptances* with any bank or trust  
12 company the deposits of which are insured by the federal deposit  
13 insurance corporation; in stock or obligations of any corporation or  
14 agency of the United States or this state, or in deposits therewith to  
15 the extent that such corporation or agency assists in furthering or  
16 facilitating the association's purposes or powers; in share accounts of  
17 any association operating under the provisions of this chapter and of  
18 any federal savings and loan association; in bonds, notes, or other  
19 evidences of indebtedness which are a general obligation of any city,  
20 town, village, county, school district, or other municipal or political  
21 subdivision so long as the total investment in such corporation does  
22 not exceed five percent of the assets of said association. Any of said  
23 investments which are securities or obligations which are evidence of  
24 first mortgage liens on real estate are exempt from the above five  
25 percent limitation.

1 SEC. 2. Section five hundred thirty-four point forty-three (534.43),  
2 Code 1973, is amended to read as follows:

3 **534.43 Reserve for contingencies.** As of June 30 and December 31  
4 of each year, before declaring any dividends, the board of directors  
5 shall transfer and credit to a general reserve account an amount equiv-  
6 alent to not less than two percent of the net earnings of the association  
7 for the preceding six months, called the "accounting period", such  
8 transfers to be made at the end of each six months accounting period,  
9 until such general reserve account is equal to at least five percent of  
10 the total amount paid in by members and credited on share accounts.  
11 The above action shall be taken March 31, June 30, September 30 and  
12 December 31 of each year and the dividends and reserve periods cor-  
13 respondingly adjusted if dividends are paid quarterly. If at any time  
14 thereafter such general reserve account shall on account of losses be  
15 reduced to less than five percent of the amount paid in and credited on  
16 share accounts, such transfers and credits thereto shall be resumed  
17 and continued until such reserve is again equal to at least five percent  
18 of the total amount paid in and credited on share accounts of members.  
19 The reserve account so established shall at all times be maintained and  
20 used for the sole purpose of absorbing losses incurred by the associa-  
21 tion and for no other purposes. An association may establish such  
22 other and additional special reserves as may be ordered by its board  
23 of directors. *An association as an optional method may close its books*  
24 *on a fiscal year base with one transfer to reserves at the conclusion of*  
25 *the fiscal year.*

Approved February 12, 1974