

32 *or apprentice salesman* under the provisions of this chapter or who is not engaged
33 in the real estate business in another state.

34 10. Failing, within a reasonable time, to provide information requested by the
35 commission as the result of a formal or informal complaint to the commission
36 which would indicate a violation of this chapter.

37 11. Any other conduct, whether of the same or different character from that
38 hereinbefore specified, or demonstrates such bad faith, improper, fraudulent, or
39 dishonest dealings as would have disqualified him from securing a license under
40 this chapter.

41 Any unlawful act or violation of any of the provisions of this chapter by any
42 real estate salesman, *real estate apprentice salesman*, employee, or partnership or
43 associate of a licensed real estate broker, shall not be cause for the revocation of
44 the license of any real estate broker, partial or otherwise, unless the commission
45 finds that said employer, partner, or associate had guilty knowledge thereof.

1 SEC. 19. Section one hundred seventeen point forty-six (117.46), subsection
2 one (1), Code 1975, is amended to read as follows:

3 1. Each broker shall maintain a common trust account in a bank for the
4 deposit of all down payments, earnest money deposits, or other trust funds
5 received by the broker or his salesmen *or apprentice salesmen* on behalf of his
6 principal, except that a broker acting as a salesman shall deposit these funds in
7 the common trust account of the broker for whom he acts as salesman.

1 SEC. 20. **Application of Act.** The provisions of this Act which require
2 successful completion of a real estate education course before being licensed as a
3 real estate salesman shall not apply to persons who hold real estate salesmen's
4 licenses on the effective date of this Act or to the issuance of new licenses to these
5 persons under the provisions of section one hundred seventeen point twenty-eight
6 (117.28) of the Code.

7 The provisions of this Act which require successful completion of a real estate
8 education course before being licensed as a real estate apprentice salesman shall
9 not apply within six months of the effective date of this Act to persons who have
10 taken an examination within one year prior to the effective date of this Act who
11 have not successfully passed the required examination.

1 SEC. 21. The Code editor is directed to strike all references to "salesman" or
2 "salesmen" in chapter one hundred seventeen (117) of the Code and insert in lieu
3 thereof the word "salesperson" or the word "salespersons", whichever is
4 applicable.

Approved March 19, 1976

CHAPTER 1102

SAVINGS AND LOAN ASSOCIATIONS

S. F. 487

AN ACT relating to the regulation of savings and loan associations organized under the laws of the state of Iowa.

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

1 SECTION 1. Section one hundred seventeen point forty-six (117.46),
2 subsections one (1), two (2), and three (3), Code 1975, are amended to read as
3 follows:

4 1. Each broker shall maintain a common trust account in a bank *or a savings*
 5 *and loan association* for the deposit of all down payments, earnest money deposits,
 6 or other trust funds received by the broker or his salesmen on behalf of his
 7 principal, except that a broker acting as a salesman shall deposit these funds in
 8 the common trust account of the broker for whom he acts as salesman.

9 2. Each broker shall notify the commission of the name of ~~the~~ *each bank or*
 10 ~~banks~~ *or savings and loan association* in which ~~said~~ *a* trust account is maintained
 11 and also the name of the account on forms provided therefor.

12 3. Each broker shall authorize the commission to examine ~~said~~ *each* trust
 13 account and shall obtain the certification of the bank *or savings and loan*
 14 *association* attesting to ~~said~~ *each* trust account and consenting to the examination
 15 and audit of ~~said~~ *each* account by a duly authorized representative of the
 16 commission. Said certification and consent shall be furnished on forms prescribed
 17 by the commission.

1 SEC. 2. Section five hundred thirty-four point two (534.2), subsection five (5),
 2 Code 1975, is amended to read as follows:

3 5. "Regular lending area" shall mean *the entire area within this state and an area*
 4 *which is outside this state and which is within one hundred miles from any*
 5 *approved office; whether within or without the state.*

1 SEC. 3. Section five hundred thirty-four point eight (534.8), subsection two (2),
 2 Code 1975, is amended to read as follows:

3 2. To make a real estate loan *or real estate contract* to a director, officer or
 4 employee of the association, or to any attorney or firm of attorneys, regularly
 5 serving the association in the capacity of attorney at law, or to any partnership in
 6 which any such director, officer, employee, attorney or firm of attorneys has any
 7 interest, and no real estate loan *or real estate contract* shall be made to any
 8 corporation in which any of such parties are stockholders, except that with the
 9 prior approval of its board of directors a real estate loan *or real estate contract*
 10 may be made to a corporation in which no such party owns more than fifteen
 11 percent of the total outstanding stock and in which the stock owned by all such
 12 parties does not exceed twenty-five percent of the total outstanding stock:
 13 Provided, that nothing herein shall prohibit an association from making loans
 14 *pursuant to section five hundred thirty-four point nineteen (534.19) of the Code and*
 15 *loans on the security of a first lien on the home property or mobile home owned*
 16 *and occupied by a director, officer or employee of an association, or by an*
 17 *attorney or member of a firm of attorneys regularly serving the association in the*
 18 *capacity of attorney at law upon a two-thirds vote of the directors, the interested*
 19 *director not voting.*

1 SEC. 4. Section five hundred thirty-four point eleven (534.11), subsection
 2 seven (7), Code 1975, is amended to read as follows:

3 7. Accounts of administrators, executors, guardians, custodians, trustees and
 4 other fiduciaries. Any association or federal savings and loan association may
 5 accept share accounts in the name of any administrator, custodian, executor,
 6 guardian, trustee, or other fiduciary in trust for a named beneficiary or
 7 beneficiaries, *or other fiduciary in trust for a specified class of unnamed beneficiaries.*
 8 Any such fiduciary shall have power to vote as a member as if the membership
 9 were held absolutely, to open and to make additions to, and to withdraw any
 10 such account in whole or in part. The withdrawal value of such accounts, and
 11 dividends thereon, or other rights relating thereto may be paid or delivered, in
 12 whole or in part to such fiduciary without regard to any notice to the contrary as
 13 long as such fiduciary is living. The payment or delivery to any such fiduciary or
 14 a receipt or acquittance signed by any such fiduciary to whom any such payment
 15 or any such delivery of rights is made shall be a valid and sufficient release and
 16 discharge of an institution for the payment or delivery so made. Whenever a
 17 person holding an account in a fiduciary capacity dies and no written notice of

18 the revocation or termination of the fiduciary relationship shall have been given
 19 to an institution and the institution has no notice of any other disposition of the
 20 beneficial estate, the withdrawal value of such account and dividends thereon, or
 21 other rights relating thereto may, at the option of an institution, be paid or
 22 delivered, in whole or in part, to the beneficiary or beneficiaries. Whenever an
 23 account shall be opened by any person, describing himself in opening such
 24 account as trustee for another and no other or further notice of the existence and
 25 terms of a legal and valid trust then such description shall have been given in
 26 writing to such association, in the event of the death of the person so described as
 27 trustee, the withdrawal value of such account or any part thereof, together with
 28 the dividends or interest thereon, may be paid to the person for whom the
 29 account was thus stated to have been opened, and such account and all additions
 30 thereto shall be the property of such person. The payment or delivery to any such
 31 beneficiary, beneficiaries or designated person, or a receipt or acquittance signed
 32 by such beneficiary, beneficiaries or designated person for any such payment or
 33 delivery shall be a valid and sufficient release and discharge of an institution for
 34 the payment or delivery so made. No institution paying any such fiduciary or
 35 beneficiary in accordance with the provisions of this subsection shall thereby be
 36 liable for any estate, inheritance or succession taxes which may be due this state.

1 SEC. 5. Section five hundred thirty-four point nineteen (534.19), subsection six
 2 (6), Code 1975, is amended to read as follows:

3 6. Property improvement loans. To make ~~property improvement loans to home~~
 4 ~~owners and other property owners~~ for maintenance, repair, landscaping,
 5 modernization, furniture and fixtures, improvement and equipment ~~for their~~
 6 ~~properties, and loans on mobile homes~~, with or without security provided that no
 7 such loan without security shall exceed ~~five~~ *ten* thousand dollars, and provided
 8 further that not in excess of ~~fifteen~~ *twenty* percent of the assets of the association
 9 shall be so invested, said ~~fifteen~~ *twenty* percent to be exclusive of the forty percent
 10 of assets power set out in section 534.21 hereof. Such loans, other than consumer
 11 loans as defined in the Iowa consumer credit code, shall be amortized to mature
 12 in not to exceed eight years. ~~Such loans may also be based on a discount or add~~
 13 ~~on charge of not to exceed six dollars per one hundred dollars face amount per~~
 14 ~~year in lieu of straight interest otherwise provided by law.~~ The provisions of the
 15 Iowa consumer credit code shall apply to consumer loans made by a savings and
 16 loan association and a provision of that code shall supersede any conflicting
 17 provision of this chapter with respect to a consumer loan. *Loans made pursuant to*
 18 *this subsection shall be for terms not exceeding fifteen years.*

1 SEC. 6. Section five hundred thirty-four point nineteen (534.19), subsection
 2 seven (7), Code 1975, is amended to read as follows:

3 7. Power to purchase and to lend upon loans. The power to make loans shall
 4 include (a) the power to purchase loans of any type that the association may
 5 make, (b) the power to make loans upon the security of loans of any type that the
 6 association may make, and (c) the power to sell any loans of the type the
 7 association is authorized to make. ~~Loans under "a" and "c" may be outside~~
 8 ~~regular lending area if restricted to loans insured partially by an instrumentality~~
 9 ~~of the United States or by any other insurer approved by the federal home loan~~
 10 ~~bank or the supervisor.~~

11 Under "a" and "c" above, the association may purchase an interest in loans
 12 which are insured as above set out from the United States or any agency or
 13 instrumentality thereof which has any function of examining or supervising of
 14 savings and loan associations; or the association may sell any of its loans to the
 15 United States or any such agency or instrumentality or to any broker or dealer
 16 registered with the securities and exchange commission.

1 SEC. 7. Section five hundred thirty-four point nineteen (534.19), subsection
 2 eight (8), Code 1975, is amended to read as follows:

3 8. Participation loans. An association may participate with other lenders in the
4 origination or purchase of an interest in loans of any type that such an
5 association may otherwise make, provided that the other participants are
6 instrumentalities of or corporation owned wholly or in part by the United States
7 or this state, or are associations or corporations insured by the federal savings
8 and loan insurance corporation or the federal deposit insurance corporation or
9 are life insurance companies with assets in excess of one hundred million dollars,
10 *or are approved federal housing administration lenders or are service corporations in*
11 *which the majority of the capital stock is owned by one or more insured institutions,*
12 such loans to be within or without the regular lending area of the association.

1 SEC. 8. Section five hundred thirty-four point nineteen (534.19), subsection
2 twenty (20), Code 1975, is amended to read as follows:

3 20. Limited trust powers. Associations incorporated under this chapter may act
4 as trustee for trusts which are created or organized in the United States, and
5 which form part of a stock bonus, pension, or profit sharing plan which qualifies
6 for special tax treatment under section 401 (d) *or subsection (a) of section four*
7 *hundred eight (408) of the Internal Revenue Code of 1954, as amended, if the*
8 *funds of such trust are invested only in savings accounts or deposits in such*
9 *association or in obligations or securities issued by such association. All funds*
10 *held in such fiduciary capacity by any such association may be commingled for*
11 *appropriate purposes of investment, but individual records shall be kept by the*
12 *fiduciary for each participant and shall show in proper detail all transactions*
13 *engaged in under the authority of this subsection.*

1 SEC. 9. Section five hundred thirty-four point twenty-one (534.21), subsection
2 two (2), Code 1975, is amended to read as follows:

3 2. Terms of loans. All installment loans shall be repayable within thirty years
4 or, if an insured or guaranteed loan, within the period acceptable to the insuring
5 or guaranteeing agency. Loans of any type that such an association may make on
6 a monthly installment basis may also be made without full amortization of
7 principal; provided, that except for insured or guaranteed loans, interest shall be
8 payable at least semiannually and any such loan may be made for an amount not
9 in excess of fifty percent of the value and for a term of not more than five years:
10 And provided further, that if the members have authorized loans to be made
11 without full amortization up to such higher percentage such loans may be made
12 for an amount not in excess of sixty percent of the value and for a term of not
13 more than three years: And provided further, that if the members have authorized
14 loans to be made without full amortization up to such higher percentage, such
15 loans, if made, for the purpose of construction, may be made for an amount not
16 in excess of eighty percent of the value and for a term of not more than ~~one year~~
17 *eighteen months. A construction loan may be combined with an installment loan in*
18 *one note, provided the total term does not exceed thirty-one years and six months.*

1 SEC. 10. Section five hundred thirty-four point twenty-one (534.21), subsection
2 three (3), Code 1975, is amended to read as follows:

3 3. Home loans. Every such association may originate and make first mortgage
4 amortized real estate loans for not to exceed fifty thousand dollars secured by
5 home property situated within the *state regular lending area. Such loans may also*
6 *be made within the state of Iowa when the loans are insured wholly or partially*
7 *by any instrumentality of the United States government or by private mortgage*
8 *insurance when such company is approved to conduct business in the state of*
9 *Iowa.* Home loans may be made in excess of the fifty thousand dollar limitation
10 when made under the forty percent of assets lending power hereinafter set out.

1 SEC. 11. Section five hundred thirty-four point twenty-one (534.21), subsection
2 four (4), paragraphs a, c, and d, Code 1975, are amended to read as follows:

- 3 a. Home loans, which are either direct-reduction home loans or not, but which
 4 exceed ~~forty~~ *fifty* thousand dollars each, regardless of where the home property
 5 securing the loan is situated ~~so long as within this state.~~
- 6 c. Home loans of any amount which are not direct-reduction home loans,
 7 regardless of where the home property securing the loan is situated ~~so long as~~
 8 ~~within this state.~~
- 9 d. Other real estate loans, whether amortized or unamortized, regardless of
 10 amount thereof or location of real estate securing the loan ~~so long as within this~~
 11 ~~state.~~

1 SEC. 12. Section five hundred thirty-four point forty-one (534.41), subsection
 2 five (5), Code 1975, is amended to read as follows:

3 5. Expenses and per diem. Where the examination is made under the provisions
 4 of subsection 3 of this section, each examiner shall file with the auditor of state
 5 an itemized, certified and sworn voucher of his expense for the time such
 6 examiner is actually engaged in such examination. On the fifteenth and last days
 7 of each month each examiner shall file in triplicate with the auditor of state a
 8 certified statement of the actual days engaged in such examination. The salaries
 9 shall be included in a semimonthly payroll. Upon approval of the auditor of state
 10 the state comptroller is hereby authorized to issue warrants for the payment of
 11 said vouchers and salary payments, other than vacation or sick leave, from funds
 12 appropriated to the savings and loan division. Repayment to the state shall be
 13 made as provided by section 534.61, subsection 4. *Savings and loan examiners shall*
 14 *be paid salaries at rates commensurate with, and shall be reimbursed for meals and*
 15 *lodging at the same rate as, that which is received by federal examiners operating*
 16 *under the federal home loan bank board.*

1 SEC. 13. Chapter five hundred thirty-four (534), Code 1975, is amended by
 2 adding the following new sections:

3 **NEW SECTION. Mobile home loans.** An association may make and purchase
 4 loans and contracts secured by mobile homes and may participate with other
 5 lenders in the making and purchase of mobile home loans and contracts,
 6 provided that the terms of such loans do not exceed fifteen years and that the
 7 total investment in mobile home loans and contracts does not exceed ten percent
 8 of the assets of the association at the time of investment, said ten percent to be
 9 exclusive of the forty percent of assets classification set out in section five
 10 hundred thirty-four point twenty-one (534.21) of the Code. For purposes of this
 11 section, investment in loans and contracts means the total amount of such loans
 12 and contracts on the association's books less any unearned interest.

13 **NEW SECTION. Loans secured by less than first lien.** An association may
 14 make loans on real estate secured by less than a first lien, provided that the
 15 aggregate amount of all such loans shall not exceed five percent of the assets of
 16 the association at the time the loan is granted, said five percent to be exclusive of
 17 the forty percent of assets classification set out in section five hundred thirty-four
 18 point twenty-one (534.21) of the Code.

19 **NEW SECTION. Line of credit loans.** An association may make loans not
 20 secured by a real estate mortgage to contractors who are engaged in the business
 21 of constructing improvements on real estate and for use in that business provided
 22 that the aggregate amount of all such loans and commitments shall not exceed the
 23 greater of the sum of reserves and surplus or five percent of the assets of the
 24 association at the time the loan is granted, said five percent to be exclusive of the
 25 forty percent of assets classification set out in section five hundred thirty-four
 26 point twenty-one (534.21) of the Code.

Approved May 20, 1976