

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

Section 1. Section five hundred twenty-two point one (522.1), Code 1977, is amended by adding the following new paragraph:

NEW PARAGRAPH. This section shall not prohibit a licensed agent from placing actual or proposed insurance business of his customers or potential customers with other licensed agents if the reason is lack of capacity, restrictive markets or any other legitimate business reason and if such placement of business does not adversely affect the insured customer.

Approved June 3, 1977

CHAPTER 133

SAVINGS AND LOAN ASSOCIATIONS

S. F. 119

AN ACT relating to the regulation of savings and loan associations.

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

Section 1. Section five hundred thirty-four point two (534.2), subsection fourteen (14), Code 1977, is amended to read as follows:

14. "Real estate loan" shall mean any loan or other obligation secured by real estate, whether in fee or in a leasehold extending or renewable automatically for a period of at least fifty years or ten years beyond the maturity date of the loan.

Sec. 2. Section five hundred thirty-four point twenty-one (534.21), subsection twelve (12), Code 1977, is amended to read as follows:

12. LOANS ON LEASEHOLD. An association may also make loans on leasehold interests, under the same terms as above provided for other loans, if said leasehold interest extends or is automatically renewable at the option of the holder, ~~or~~ at the option of the association, for a period of at least fifty years from the date the loan is executed but or at least ten years beyond the maturity date of the loan ~~and provided further that, in event of default, the real estate described in such leasehold interest could be subjected to the satisfaction of the debt with the same priority.~~

Sec. 3. Section five hundred thirty-four point twelve

(534.12), subsection one (1), Code 1977, is amended to read as follows:

1. VOTING. Each member shall have one vote for each one hundred dollars of net equity above share loans in his or her share account owned and held by him or her at any election, and may vote the same by proxy, but no person shall vote more than ten percent of the savings liability at the time of said election excepting that proxies held and voted by an individual member or a proxy committee shall not be included in said ten percent limitation. Every proxy shall be in writing and shall, unless otherwise specified in the proxy, continue in force for eleven months from the date thereof. No proxies shall be voted at any meeting unless such proxies have been on file with the secretary of the association for verification at least five days before the date of the meeting. Anyone depositing or transferring savings as collateral security shall be deemed the owner of such share account within the meaning of this section. Notice of the regular annual meeting of members of an association shall be given by publishing said notice in a newspaper of general circulation in the county in which the office of said association is located at least thirty days before the date set for said annual meeting. Proxies may be revoked by any member upon written notice to the secretary of an association; by execution of a written proxy to another agent; or by personal attendance by the member at the members' meetings. Each member as defined by section 534.2, subsection 8, shall, regardless of shares, be entitled to at least one vote at any members' meeting.

Sec. 4. Section five hundred thirty-four point nineteen (534.19), subsection nine (9), Code 1977, is amended to read as follows:

9. SERVICING LOANS. To service mortgages and real estate contracts subject to such regulations and restrictions as may be prescribed by the supervisor, ~~provided such mortgages originally are made by such association and subsequently sold. The maximum principal amount of mortgages thus serviced by an association at any one time shall not exceed twenty-five percent of the amount of the savings liability of such association; -- To service contracts for sale of real estate, provided that one of the parties to said contract is a member of the servicing association and that such association shall not undertake in connection with such servicing to be responsible for more than bookkeeping or other perfunctory~~

~~services-in-connection-here-with-~~

Sec. 5. Section five hundred thirty-four point twenty-one (534.21), subsection two (2), Code 1977, is amended to read as follows:

2. TERMS OF LOANS. All installment loans shall be repayable within thirty years or, if an insured or guaranteed loan, within the period acceptable to the insuring or guaranteeing agency. Loans of any type that such an association may make on a monthly installment basis may also be made without full amortization of principal; provided, that except for insured or guaranteed loans, interest shall be payable at least semiannually and any such loan may be made for an amount not in excess of fifty seventy percent of the value and for a term of not more than five three years. ~~And provided further, that if the members have authorized loans to be made without full amortization up to such higher percentage such loans may be made for an amount not in excess of sixty percent of the value and for a term of not more than three years. And provided further, that if the members have authorized loans to be made without full amortization up to such higher percentage such~~ Such loans, if made, for the purpose of construction, may be made for an amount not in excess of eighty percent of the value and for a term of not more than eighteen months. A construction loan may be combined with an installment loan in one note, provided the total term does not exceed thirty-one years and six months. Loans, other than home loans, may be made on a monthly installment basis with a final principal payment in an amount larger than preceding principal payments. Loans with principal and interest payments less than monthly but at least annually may be made with the same terms as monthly installment loans for an amount not in excess of eighty percent of value.

Sec. 6. Section five hundred thirty-four point twenty-one (534.21), subsections three (3) and four (4), Code 1977, are amended to read as follows:

3. HOME LOANS. Every such association may originate and make first mortgage amortized real estate loans ~~for not to exceed fifty thousand dollars~~ secured by home property situated within the regular lending area. ~~Home loans may be made in excess of the fifty thousand dollar limitation when made under the forty percent of assets lending power hereinafter set out-~~

4. OTHER LOANS. Every such association may use an

aggregate amount not exceeding forty percent of the assets at the time of such use, or a larger amount with the approval of the supervisor, to make loans as follows:

~~a. Home loans, which are either direct-reduction home loans or not, but which exceed fifty thousand dollars each, regardless of where the home property securing the loan is situated.~~

b a. Home loans of any amount, which are direct-reduction home loans, but which are secured by home property situated beyond the regular lending area.

e b. Home loans of any amount which are not direct-reduction home loans, regardless of where the home property securing the loan is situated.

d c. Other real estate loans, whether amortized or unamortized, regardless of amount thereof or location of real estate securing the loan.

e d. First mortgage loans insured by an instrumentality of the United States government or first mortgage loans insured by an approved mortgage insurance company doing business in the state of Iowa shall be exempt from the provisions of the forty percent of assets lending power.

This power is herein referred to as the "forty percent of assets lending power." A subsequent reduction of savings liability shall not affect in any way outstanding loans made under the forty percent of assets lending power.

Sec. 7. Section five hundred thirty-four point twenty-one (534.21), subsection ten (10), Code 1977, is amended to read as follows:

10. ADVANCE INTEREST ON PREPAYMENTS. Real estate loans on one to four family dwellings may be repaid in part or in full at any time, excepting that the association may charge not to exceed six months advance interest on that part of the aggregate amount of all prepayments made on such loan in any twelve-month period which exceeds twenty percent of the original principal amount of the loan; and may charge any negotiated rate ~~net-to-exceed-three-percent-of-the-original-principal-for-prepayment~~ on other loans ~~during-the-first-three-years-of-said-loans, after-which-time-the-association-may-charge-as-above-provided-for-on-one-to-four-family-dwellings.~~

Sec. 8. Section five hundred thirty-four point forty-three (534.43), Code 1977, is amended to read as follows:

534.43 RESERVE FOR CONTINGENCIES. As of June 30 thirtieth and December 31 thirty-first of each year, before declaring

any dividends, the board of directors shall transfer and credit to a general reserve account an amount equivalent to not less than two percent of the net earnings of the association for the preceding six months, called the "accounting period", such transfers to be made at the end of each six months accounting period, until such general reserve account is equal to at least five percent of the total amount paid in by members and credited on share accounts. The above action shall be taken March ~~31~~ thirty-first, June ~~30~~ thirtieth, September ~~30~~ thirtieth and December ~~31~~ thirty-first of each year and the dividends and reserve periods correspondingly adjusted if dividends are paid quarterly. If at any time thereafter such general reserve account shall on account of losses be reduced to less than five percent of the amount paid in and credited on share accounts, such transfers and credits thereto shall be resumed and continued until such reserve is again equal to at least five percent of the total amount paid in and credited on share accounts of members. The reserve account so established shall at all times be maintained and used for the sole purpose of absorbing losses incurred by the association and for no other purposes. An association may establish such other and additional special reserves as may be ordered by its board of directors. An association as an optional method may close its books on a fiscal year base with one transfer to reserves at the conclusion of the fiscal year. Except as permitted by the federal savings and loan insurance corporation or when the general reserve account is in excess of five percent of total savings, the percent of the general reserve account to total savings shall not be reduced due to an increase in savings.

Sec. 9. Section five hundred thirty-four point forty-eight (534.48), Code 1977, is amended to read as follows:

534.48 FOREIGN ASSOCIATIONS. If any foreign building and loan or savings and loan association, as in this chapter defined, desires to transact business within this state, it shall furnish to the state executive council a certified copy of its articles of incorporation, or charter and bylaws, and a certified copy of the state laws under which it is organized, together with a report for the year next preceding, verified by its president, vice president, secretary, and at least three directors, which report shall show:

1. The amount of its authorized savings liability and the par value of its shares, if any.

2. The increase in savings liability.
3. The withdrawal from savings liability during the year.
4. The amount of savings liability in force at the end of the year.
5. A detailed statement of all funds received during the year and all disbursements.
6. The salaries paid each of its officers.
7. A detailed statement of its assets and liabilities at the end of such year and the nature thereof.
8. Any The requirements of section five hundred thirty-four point three (534.3), subsection three (3), paragraph a, of the Code for a domestic association desiring to establish an office and any other matters of fact which the council may require.

As used in this section, to transact business shall mean to have an office, agency or agent in this state.

Sec. 10. Section five hundred thirty-four point sixty-two (534.62), Code 1977, is amended to read as follows:

534.62 DISCRIMINATION IN FOREIGN STATES. When by the laws of any other state, territory, country or nation, or by the decision or rulings of the appropriate and proper officers thereof, any greater taxes, fines, penalties, licenses, fees, deposits of money or other securities, or other obligations or prohibitions, are demanded of building and loan or savings and loan associations of this state, as a condition to be complied with before doing business or granting loans in this that state, so long as such laws continue in force, the same requirements, obligations, and prohibitions of whatever kind shall be imposed on all building and loan or savings and loan associations of such other state, territory, country or nation doing business in this state, and upon their agents. It is hereby made the duty of the auditor of state to enforce the provisions of this section.

Sec. 11. This Act is effective January 1, 1978.

Approved May 12, 1977