

CHAPTER 175
SAVINGS AND LOAN ASSOCIATIONS
S. F. 435

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 534.5, subsection 1, Code 1981, is amended to read as follows:

1. EXCLUSIVENESS OF ACCESS. Every member shall have the right to inspect such books and records of an association as pertain to ~~his~~ the member's loan or savings investment. Otherwise, the right of inspection and examination of the books and records shall be limited (a) to the supervisor or ~~his~~ a duly authorized representative as provided in this chapter (b) to persons duly authorized to act for the association, and (c) to any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association or of an uninsured member by the federal home loan bank. The accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and by the supervisor, ~~his~~ and the supervisor's examiners and representatives, ~~and no~~ provided that the association may, upon receipt of the written consent of a member, furnish information concerning that member's loans and savings investments to a person who the association has reason to believe intends to use the information in connection with a credit transaction involving the member on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the member. No member or any other person shall have access to the books and records or shall possess a partial or complete list of the members except upon express action and authority of the board of directors.

Sec. 2. Section 534.11, subsection 10, unnumbered paragraph 1, Code 1981, is amended to read as follows:

Administrators, executors, custodians, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials hereby are specifically authorized and empowered to invest funds held by them, without any order of any court in share account or deposit accounts or time certificates of deposit of insured savings associations which are under state supervision, ~~and-in-accounts-of~~ or federal savings and loan associations organized under the laws of the United States and under federal supervision, and such investment shall be deemed and held to be legal investments for such funds.

Sec. 3. Section 534.19, subsection 6, Code 1981, is amended to read as follows:

6. PROPERTY IMPROVEMENT LOANS. To make loans for maintenance, repair, landscaping, modernization, furniture and fixtures, improvement and equipment, with or without security provided that ~~no such loan without security shall exceed ten thousand dollars~~ the first installment shall be due not later than one hundred twenty days after the date the loan is made, and the final installment shall be due not later than twenty years and thirty-two days after the date the loan is made, and provided further that not in excess of twenty percent of the assets of the association shall be so invested, said twenty percent to be exclusive of the forty percent of assets power set out in section 534.21 hereof. ~~The provisions of the Iowa consumer credit code shall apply to consumer loans made by a savings and loan association and a provision of that code shall supersede any conflicting provision of this chapter with respect to a consumer loan. Loans made pursuant to this subsection shall be for terms not exceeding fifteen years and shall not be made at interest rates in excess of rates allowed for consumer loans.~~

Sec. 4. Section 534.19, subsection 20, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The administrator is authorized to grant by special permit to an association the right to act as trustee, executor, administrator, guardian, or in any other fiduciary capacity. However, this authority is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations established in rules adopted by the auditor of state, which shall be consistent with the rights and limitations for federally chartered associations engaged in this type of activity.

Sec. 5. Section 534.20, Code 1981, is amended to read as follows:

534.20 EMERGENCY OPERATIONS. In the event an association's offices are destroyed by enemy attack or by natural disaster, such association may operate from such temporary headquarters as may be necessary until such time as it is again able to resume operations in its normal location.

~~Such association may, with the approval of the supervisor, make loans beyond its regular lending area within this state in the event of an emergency resulting in the destruction of home financing facilities in any community in this state.~~

Sec. 6. Section 534.21, subsection 2, Code 1981, is amended to read as follows:

2. TERMS OF LOANS. All installment loans shall be repayable within thirty forty 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 seventy percent of the value and for a term of not more than three years. 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~~ forty-one years and six months. ~~Loans,--other-than-home-loans,--may-be-made~~ of any type that such an association may make on a monthly amortized installment basis may also be made with a final principal payment due after a period shorter than the amortization period and 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.

Renegotiable rate mortgage loans may be made for a term of three, four or five years, secured by a mortgage of up to ~~thirty~~ forty years, and automatically renewable at a varying interest rate. However, the authority to make ~~home~~ loans secured by one-family to four-family dwellings under this paragraph is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations ~~imposed-upon-the~~ established in rules adopted by the auditor of state, which shall be consistent with the rights and limitations for federally chartered associations ~~for~~ engaged in this type of activity.

Sec. 7. Section 534.21, subsection 3, Code 1981, is amended to read as follows:

3. HOME LOANS. Every such association may originate and make first mortgage ~~amortized~~ real estate loans secured by home property situated within the regular lending area in any of the following categories:

a. Loans that fully amortize the principal through equal payments.

b. Loans that fully amortize the principal with a final payment due after a period shorter than the amortization period and in an amount larger than the preceding payments. These loans shall contain a provision equivalent to the following: "If, upon the due date of any final payment that becomes due under this loan or any extension or renewal of this loan and during the term of the mortgage that secures this loan and the extension or renewal of this loan, no part of this loan is delinquent and there exists a home mortgage market condition within this community that precludes the mortgagor from obtaining a new loan from another savings and loan association, bank, or other financial institution on similar terms and with an interest rate no greater than one percentage point above the numerical average of the monthly national average contract interest rates charged on conventional home mortgages on previously occupied homes as published by the federal home loan bank board for the calendar month second preceding the due date of the final payment, then the mortgagee shall extend the term of this loan or the extension, or renewal of this loan for one or more years, but not beyond the end of the term of the mortgage. In the event that the mortgagee extends the term of this loan or an extension or renewal of this loan as prescribed in this provision, the interest rate charged may be one percentage point above the numerical monthly average described above."

c. Renegotiable rate mortgages.

d. Alternative mortgage instruments under chapter 535B.

Sec. 8. Section 3 of this Act shall not be construed to exempt property improvement loans from the provisions of chapter 537, the Iowa consumer credit code, where applicable.

Approved May 5, 1981

CHAPTER 176

REAL PROPERTY PURCHASE-MONEY LOANS

H. F. 588

AN ACT relating to the collection by lenders of certain fees from persons other than sellers and borrowers in connection with certain real property purchase-money loans.

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

Section 1. Section 535.8, subsection 2, paragraphs a and d, Code 1981, are amended to read as follows:

2. a. A lender may collect in connection with a loan a loan processing fee which does not exceed one percent of an amount which is equal to the loan principal less twelve thousand five hundred dollars, except that in the event of an assumption of a prior loan the lender may collect a loan processing fee which does not exceed an amount which is a reasonable estimate of the expense of processing the loan assumption but which does not exceed one percent of the amount assumed. In addition, a lender may collect in connection with a loan a commitment fee, closing fee, or similar charge from the person who developed or constructed the dwelling or from any other person who is neither the borrower nor the owner of the dwelling that is being purchased with part or all of the proceeds of the loan. A loan ~~processing~~ fee collected under the authority of this paragraph is compensation to the lender solely for the use of money, notwithstanding any provision of the agreement to the contrary. However, a loan ~~processing~~ fee collected under the authority of this paragraph shall be disregarded for purposes of determining the maximum charge permitted by section 535.2 or 535.9, subsection 2. The collection in connection with a loan of a loan origination fee, closing fee, commitment fee or similar charge other than expressly authorized by this paragraph is prohibited.

d. If a lender collects a fee or charge which is prohibited by paragraph "a" or "b" of this subsection or which exceeds the amount permitted by paragraph "a" or "b" of this subsection, the borrower person from whom the fee was collected has the right to recover the unlawful fee or charge or the unlawful portion of the fee or charge, plus attorney fees and costs incurred in any action necessary to effect recovery.