

(2) A loan--secured--by--a--first--lien--on--land--given--to--finance--the acquisition--of--that--land debt which is incurred primarily for the purpose of acquiring real property or refinancing a contract for deed to real property and which is secured by a first lien on that real property.

c. In determining which loans are consumer loans under this subsection the rules of construction stated in this paragraph shall be applied:

(1) A debt is incurred primarily for the purpose to which a majority of the loan proceeds are applied or are designated by the debtor to be applied.

(2) Loan proceeds used to refinance or pay a prior loan owed by the same borrower are incurred for the same purposes and in the same proportion as the principal of the loan refinanced or paid.

(3) Loan proceeds used to pay a prior loan by a different borrower are incurred for the new borrower's purposes in agreeing to pay the prior loan.

(4) The assumption of a loan by a different borrower is treated as if the new borrower had obtained a new loan and had used all of the proceeds to pay the loan assumed.

(5) The provisions of this paragraph shall not be construed to modify or limit the provisions of section 535.8, subsection 2, paragraph c or e.

Sec. 4. It is the purpose of this Act to clarify and restate the existing law. In the event that a provision of this Act is construed to amend the substance of prior law, the provision shall not apply to a contract, note or agreement executed prior to the effective date of this Act.

Approved May 11, 1981

CHAPTER 178

INDUSTRIAL LOAN GUARANTEE FUND LIABILITY REPEAL

S. F. 177

AN ACT relating to the liability of the industrial loan guaranty* fund for acts and omissions of the auditor of state.

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

Section 1. Section 536B.27, Code 1981, is repealed.

Sec. 2. This Act, being deemed of immediate importance, takes effect from and after its publication in The Cedar Rapids Gazette, a newspaper published in Cedar Rapids, Iowa, and in the Marshalltown Times-Republican, a newspaper published in Marshalltown, Iowa.

Approved February 27, 1981

I hereby certify that the foregoing Act, Senate File 177, was published in The Cedar Rapids Gazette, Cedar Rapids, Iowa on March 6, 1981, and in the Marshalltown-Times Republican, Marshalltown, Iowa on March 16, 1981.

MARY JANE ODELL, *Secretary of State*

*According to enrolled Act