

CHAPTER 1165
INDUSTRIAL LOAN THRIFT GUARANTY CORPORATION
S.F. 2268

AN ACT relating to the industrial loan thrift guaranty corporation of Iowa.

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

Section 1. Section 536B.7, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Thrift Except as provided in section 536B.28, thrift certificates of a member of the guaranty corporation shall be guaranteed by the guaranty corporation as follows:

Sec. 2. Section 536B.8, subsection 3, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If after paying an advance assessment as provided in this subsection, an industrial loan corporation ceases to be a member of the guaranty corporation, a refund of that assessment shall be limited to that portion which is not necessary to meet those obligations of the guarantee fund as provided in section 536B.7, and as determined by the auditor of state, known to exist at the time of the payment of the advance assessment.

Sec. 3. NEW SECTION. 536B.27 RESTRICTIONS ON LOANS.

A member shall not loan to a borrower, including a subsidiary or affiliated corporation of the member, more than twenty percent of its total capital, surplus, and undivided profits. The aggregate of a member's loans to subsidiaries or affiliated corporations of the member shall not exceed ten percent of the member's total assets.

Sec. 4. NEW SECTION. 536B.28 LIMITS OF GUARANTEES — PHASING OUT OF GUARANTEES.

1. Notwithstanding section 536B.7, any new thrift certificate issued by a member after June 30, 1986, shall not be guaranteed by the guaranty corporation. Thrift certificates guaranteed under section 536B.7 which are outstanding as of June 30, 1986 may be renewed provided that their maturity date after renewal is not later than June 30, 1988. However, any noncallable thrift certificate issued by a member prior to January 1, 1986 for a term up to five years shall be guaranteed by the guaranty corporation until the expiration of the certificate.

Thrift certificates issued by a member in the form of passbook accounts shall be redeemed by the member or converted to a nonguaranteed thrift certificate not later than June 30, 1988. After June 30, 1986 the balance of each guaranteed passbook account shall not exceed the balance of the account existing on that date plus any accumulated interest on that balance.

2. As of July 1, 1986, any thrift certificate issued by a member shall conspicuously bear on its face a statement indicating that the thrift certificate is not guaranteed or insured by the guaranty corporation or the state of Iowa. A member may issue such nonguaranteed thrift certificates as senior debt pursuant to section 536A.22. However, before a member may issue a nonguaranteed thrift certificate, the member must disclose to the prospective purchaser in writing and orally that the certificate is not guaranteed or insured by the guaranty corporation or the state of Iowa. The written disclosure shall be made clearly and conspicuously and shall be specifically signed and dated prior to the purchase by the prospective purchaser of the certificate.

3. Except as provided in subsection 1, all thrift certificates issued by a member, including those certificates issued prior to July 1, 1986, shall cease to be guaranteed by the guaranty corporation as of July 1, 1988.

4. Notwithstanding the provisions of this chapter, a member may, in lieu of maintaining membership in the guaranty corporation, acquire insurance from the federal deposit insurance corporation or the federal savings and loan insurance corporation to protect each thrift certificate against loss of funds.

Approved May 2, 1986