

CHAPTER 1136**EXEMPTIONS FROM EXECUTION - RESIDENTIAL DEPOSITS AND PREPAID RENT
S.F. 2396**

AN ACT adding certain residential security deposits and prepaid rent to the list of exempt property which a debtor may claim.

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

Section 1. Section 627.6, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The debtor's interest, not to exceed five hundred dollars in the aggregate, in any combination of the following property:

a. Any residential rental deposit held by a landlord as a security deposit, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

b. Any residential utility deposit held by any electric, gas, telephone, or water company as a condition for initiation or reinstatement of such utility service, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

c. Any rent paid to the landlord in advance of the date due under any unexpired residential lease.

Notwithstanding the provisions of this subsection, a debtor shall not be permitted to claim these exemptions against a landlord or utility company, with regard to sums held under the terms of a rental agreement, or for utility services furnished to the debtor.

Approved April 18, 1996

CHAPTER 1137**PURCHASE MONEY MORTGAGES
S.F. 2305**

AN ACT relating to purchase money mortgages and providing a retroactive applicability provision.

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

Section 1. Section 654.12B, Code Supplement 1995, is amended to read as follows:
654.12B PRIORITY OF RECORDED PURCHASE MONEY MORTGAGE LIEN.

The lien created by a recorded purchase money mortgage shall have priority over and is senior to preexisting judgments against the purchaser and any other right, title, interest, or lien arising either directly or indirectly by, through, or under the purchaser. A mortgage is a purchase money mortgage if to the extent it is either ~~of the following~~:

1. Taken or retained by the seller of the real estate to secure all or part of its price, including all costs in connection with the purchase.

2. Taken by a lender who, by making an advance or incurring an obligation, provides funds to enable the purchaser to acquire rights in the real estate, including all costs in connection with the purchase, if the funds are in fact so used. Except when it is a refinancing of an existing purchase money mortgage between the same lender and purchaser and no new funds are advanced, a mortgage given to secure funds which are used to pay off another mortgage is not a purchase money mortgage.