

A BILL

FOR AN ACT PROVIDING A SUBSTITUTE FOR CHAPTER SIX, OF TITLE IX, FOR ESTABLISHING AND GOVERNING MUTUAL LOAN AND BUILDING ASSOCIATIONS.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. Any number of persons, not less than five, may associate themselves, and become incorporated as provided in chapter 1, of this title, for the purpose of raising moneys, to be loaned to the members of such corporations, and in accumulating a fund to be returned to its members who do not obtain advances upon their stock, and for the purchase of real estate, the erection of buildings, or repairing of buildings, or the making of other improvements on lands, or to pay off incumbrances thereon, or removing incumbrances therefrom.

SEC. 2. Such corporation shall be authorized and empowered to collect a membership fee from each member, not to exceed one dollar (\$1.00) per share, and to levy, assess, and collect from its members such sums of money, by rates of stated dues, fines, interest, and premiums on loans advanced for expenses, and to enforce involuntary cancellation, before maturity, of the shares of stock not borrowed on in any series, as the corporation may set forth and adopt, in and by its articles of incorporation and by-laws; also, to hold, acquire, encumber, and convey all such real estate and personal property as may be legitimately pledged to it on such loans, or may otherwise be transferred to it in due course of its business; and the fees, dues, fines and premiums so paid by members, in addition to the legal rate of interest on loans taken by them, shall not be construed to make the loans so taken usurious; but no person shall hold more than one hundred shares in any such association.

SEC. 3. Such corporation may set apart of the dues or installments of stock, or shares, so much thereof as may be necessary to defray the current expenses of said association, and for the purchase of such real estate as may be necessary for the convenient transaction of its business, which amount shall in no case exceed seven cents per month on each share of stock. Whenever the income to the expense fund, as above provided, shall be larger than necessary to pay the legitimate and necessary expenses of such association, the surplus shall be applied to and become a portion of the loan fund.

SEC. 4. Such corporation shall loan its funds only on unincumbered real estate or stock of the association, and only to its members. Before a member can borrow any sum of money from such association, his shares must have been in force three months, or three monthly

4 payments shall have been made on his said shares, and no such association shall loan money
5 solely on its shares as security, until the same shall have been in force two years, and then
6 only an amount not exceeding seventy-five per cent of the withdrawal value of said shares;
7 *provided*, there are no applicants for loans on satisfactory real estate.

SEC. 5. When mutual loan societies, or other associations heretofore organized under the
2 laws of this state, with objects similar to those contemplated in the preceding sections, and
3 permitting not more than one hundred shares of their stock to be owned by any one mem-
4 ber, that have loaned, or shall hereafter loan, their capital or funds, or any part thereof, to
5 their members, and have taken, or may take, notes or obligations therefor, secured by mort-
6 gages or otherwise, in accordance with the terms of their articles of incorporations and by
7 laws, such notes, obligations and securities shall not be construed or held to be usurious by
8 reason of any dues, fines, or premium on such loans, paid in addition to the legal rate of inter-
9 est, but the same shall be valid and binding in all respects, the payment of such dues, fines,
10 or premiums in addition to a rate of interest not exceeding ten per centum per annum, pay-
11 able annually, or at any less period, notwithstanding.

SEC. 6. All shares in such corporations shall be transferable on the books of the associa-
2 tion, and no shares in any such association shall be forfeited by any such association, but any
3 member holding shares on which he has defaulted in the payments thereon, shall, if his
4 shares have been in force one year, be paid the amount paid in by him on such shares in the
5 loan fund, with at least six per cent interest, and if the dues thereon have been paid for two
6 years or more, such member shall receive the amount paid in on such shares of stock in the
7 loan fund, and at least three-fourths of the profit standing to the credit of such shares.

Provided, that thirty days' notice, in writing, of such withdrawal, shall be given to the sec-
2 retary; and *provided further*, that no more than fifty per cent of any gross monthly receipts
3 for payment on shares of said association, shall be used to pay withdrawing shares during any
4 one month.

SEC. 7. Should a member of any corporation, organized under this act, become indebted to
2 such corporation on his shares for dues, fines, or other penalties, then the said shares of such
3 shareholder so in default, may be sold by said association for the purpose of paying such
4 arrearages.

Said sale shall be at public auction, and notice thereof shall be served on the owner of
6 such shares by mailing to his address, as shown by the records of said association, notice of
7 the date of sale, at least thirty days prior to the date thereof. Said sale may be adjourned
8 from time to time, if no bids are received for said shares.

The proceeds arising from the sale shall be applied, first to the payment of such arrear-
10 ages, and the remainder shall be paid to the owner of such shares.

No officer or person employed by such association shall bid or purchase shares, directly or
12 indirectly, at any sale of stock made as herein provided.

SEC. 8. On or before the first day of February in each year, every building and loan association, doing business in more than one county in this state, shall deposit with the auditor of this state a report of its affairs and operations for the year ending on the first day of January immediately preceding. Such report shall be verified by the oath of the president and secretary and at least three of the directors of the association, and shall show: First, The amount of authorized capital and the par value of each share of stock. Second, The number of shares sold during the year. Third, The number of shares cancelled and withdrawn during the year. Fourth, The number of shares in force at the end of the year. Fifth, A detailed statement of the receipts and disbursements during the year. Sixth, A detailed statement of the assets and liabilities at the end of the year. Seventh, The exact amount paid to each and every officer or agent for salaries or commissions.

Nothing in this section shall be construed as requiring local building and loan associations to file such report.

SEC. 9. If any such corporation shall sell shares to any person outside of the county in which it has filed its articles of incorporation, then said association shall deposit with the auditor of state all its securities on loans made by it, which can only be withdrawn therefrom upon the maturity of the loan, or upon the certificate of the president of such corporation that the same is desired for the purpose of allowing payment by the maker or for the purpose of protecting the interest of the association by collection or otherwise.

Said securities shall be so deposited with the auditor the first day of each month, or within ten days thereafter.

Nothing in this section shall be so construed as requiring local building and loan associations to make such deposit of its securities.

SEC. 10. All officers of any building and loan association, governed by this act and doing business in this state, who handle or have charge of any funds of such association, shall give good and sufficient bonds to such association for the faithful performance of their duties in such amount as the board of directors may, from time to time, determine, not less than the estimated receipts of such office, for any one month.

SEC. 11. The auditor of state shall, at any time he may see proper, make, or cause to be made, an examination of any association, or he shall call upon any such association for a report of its state and condition, as hereinbefore provided, upon any given day which has passed, and which report the auditor shall cause to be published for one day, in some daily newspaper published in the county where such associations shall be located, or, if there be no such newspaper published in said county, then such report shall be published in some weekly newspaper printed in said county, for one week, and the expense of such publication shall be paid by such institution.

SEC. 12. It shall be the duty of the auditor of state to communicate to the legislature, at each session, a statement of the condition of every such association, from which reports have

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SEC. 12. It shall be the duty of the auditor of state to communicate to the legislature, at each session, a statement of the condition of every such association, from which reports have

3 been received for the preceding year, and to suggest any amendments in the law relative to
4 building associations, which in his judgment may be necessary or proper to increase the secur-
5 ity of members.

SEC. 13. Whenever it shall appear to the auditor that any association has been guilty of
2 violating this act or the law, or is conducting its business in an unsafe manner, he shall, by
3 an order under his hand and seal of office, addressed to the institution so offending, direct
4 discontinuance of such illegal and unsafe practices, and he shall demand a conformity with
5 the requirements of this act, and whenever any such association shall refuse or neglect to
6 comply with such order, he shall communicate the fact to the attorney general of the state,
7 whose duty it shall be to institute proceedings against such associations, as are now, or may
8 be hereafter, authorized in law in cases of insolvent corporations. The auditor of state may
9 appoint, and the person or persons who may be appointed by him to examine the affairs of
10 any associations, shall have power to administer oaths to any person whose testimony may be
11 required on any such examination, and to compel the appearance and attendance of any such
12 person, for the purpose of such examination, by summons, subpoena, or attachment, in the
13 manner now authorized in respect to the attendance of persons as witnesses in the courts of
14 this state, and all books and papers which it may be deemed necessary to examine by the
15 auditor, on the examination so appointed, shall be produced, and their production may be com-
16 pelled in like manner. The expenses of any examination, made in pursuance of this act, shall
17 be paid by the association so examined, in such reasonable amount as the auditor shall certify
18 to be just.

SEC. 14. Every officer, agent, or clerk of any building association organized under this
2 act, who shall willfully and knowingly subscribe or make any false statements or false entries
3 in the books of such association, or shall knowingly subscribe or exhibit false papers with the
4 intent to deceive any person authorized to examine as to the condition of said institution, or
5 shall willfully or knowingly subscribe or make false reports to said auditor or to any member
6 of such association, shall be deemed guilty of felony, and upon conviction thereof shall be
7 fined not exceeding ten thousand dollars, and be imprisoned in the state prison not less than
8 two nor more than five years, and be forever after incapable of holding any office created by
9 this act.

SEC. 15. All building associations now formed or which may be hereafter organized under
2 this act, shall have the right to the use of the word or title "savings" in its title.

SEC. 16. No foreign building and loan association or foreign association or corporation
2 doing business on the building and loan association plan, organized under the laws of any
3 other state or territory, and doing business in the manner provided for building and loan
4 associations by the laws of Iowa, shall issue its shares, receive moneys, or transact any busi-
5 ness in this state until said foreign association shall have deposited with the auditor of the
6 state of Iowa, in trust, for the benefit and security of all its said subscribers or shareholders

7 in this state, securities of the actual cash value of one hundred thousand dollars (\$100,000)
8 to be held in trust as aforesaid, until all the shares of such association held by residents of
9 this state shall have been fully redeemed and paid off by such association, and until its con-
10 tracts and obligations to persons and members residing in this state shall have been fully per-
11 formed and discharged, any securities which have been deposited as provided herein may be
12 withdrawn from time to time, provided others of equal value shall be substituted therefor.
13 Whenever the shares in any such association in this state shall aggregate the sum of one
14 hundred thousand dollars (\$100,000), then such association shall deposit an additional one
15 hundred thousand dollars (\$100,000) in securities, as in this section provided.

SEC. 17. Every building and loan association, as contemplated in the preceding section,
2 must also file with the secretary of this state a duly authenticated copy of its charter or articles
3 of incorporation and by-laws; also, file with the auditor of this state a duly authenticated
4 copy of a resolution adopted by the board of directors of such association, stipulating and
5 agreeing that if any legal process or notice affecting such association be served on said
6 state auditor, and a copy thereof be mailed, postage prepaid, by the party procuring and issu-
7 ing of the same, or his attorney, to said association, addressed to its home office; then such
8 service and mailing of such process or notice shall have the same effect as personal notice
9 on said association in this state.

SEC. 18. When a foreign building and loan association has complied with the conditions
2 and requirements in the preceding sections relating thereto, and upon payment to the auditor
3 of state twenty-five dollars (\$25.00), the said auditor of state may issue to said association his
4 certificate to do business in this state, subject to state supervision, the same as foreign fire in-
5 surance companies doing business in this state.

SEC. 19. When proceedings have been commenced against or affecting any foreign build-
2 ing and loan association as contemplated herein, and notice been served upon the auditor of
3 state, the same shall be, by duplicate copies, one of which shall be filed in his office and the
4 other by him immediately mailed, postage prepaid, to the home office of said association.

SEC. 20. When by the laws of any other state, territory or nation, any taxes, fines, penal-
2 ties, licenses, fees, deposits, or money or securities, or other obligations, or prohibitions are
3 imposed on building and loan associations of this state, doing business in such other state,
4 territory or nation, or upon their agents therein, so long as such laws continue in force, the
5 same obligations and prohibitions of whatever kind shall be imposed upon all building and
6 loan associations of such other state, territory or nation doing business in this state and upon
7 their agents here.

SEC. 21. Any officer, director, or agent of any building or loan association incorporated
2 under the laws of any other state, territory or nation, who shall sell, issue, or knowingly cause
3 to be sold or issued to any person in this state any shares of stock of such association or
4 solicit any business for the same, or receive moneys on shares in this state, while said associ-

5 ation does not have in force a certificate of authority from the auditor of the state of Iowa,
6 authorizing such association to do business in Iowa, shall be deemed guilty of a misdemeanor,
7 and upon conviction thereof shall be punished by a fine of not less than one hundred (\$100)
8 dollars nor more than five hundred (\$500) dollars, or by imprisonment of not less than ten
9 days or more than six months, or both such fine and imprisonment, in the discretion of the
10 court.

SEC. 22. All of chapter 6, title 9, is hereby repealed.

SEC. 23. This act, being deemed of immediate importance, shall take effect and be in force
2 from and after its publication in the Des Moines Leader and Iowa State Register, news-
3 papers published at Des Moines, Iowa.