

Emergency Legislation.
February 2, 1933.

Senate File No. 183.
By HARRINGTON (By Request).

Mortgages

A BILL FOR

An Act to amend section twelve thousand three hundred seventy-six (12376) of the code, 1931, pertaining to the foreclosure of mortgages.

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

1 Section 1.

2 Section twelve thousand three hundred seventy-six
3 (12376) of the code, 1931, is hereby amended by striking all
4 of said section and inserting in lieu thereof the following ;

5 "12376. (a). When a mortgage or deed of trust is
6 foreclosed, the court shall render judgment for the entire
7 amount found to be due, and must direct the mortgaged
8 property, or so much thereof as is necessary, to be sold to
9 satisfy the same, with interest and costs. A special
10 execution shall issue accordingly, and the sale thereunder
11 shall be subject to redemption as in cases of sale under
12 general execution.

13 "12376. (b). No judgment shall be entered against any
14 real estate used for agricultural purposes until the plaintiff
15 has paid to the county treasurer an amount of tax equal to
16 the unearned increment in the value of all interest and/or
17 principal payments which have been made on the loan, and in
18 value of the principal and interest represented by the
19 judgment.

20 12376. (c). The annual index numbers of the Iowa farm
21 products, as computed by the Iowa State College, shall be

22 used as a basis for computing the unearned increment. The
23 average of the annual index numbers for the three calendar
24 years next preceding the year in which the loan was made
25 shall constitute a base index number, and shall represent
26 the buying power of the money loaned.

27 12376. (d). The interest payment or payments due the
28 first calendar year after the loan was made shall be
29 corrected for changes in the buying power of money by
30 dividing the annual index number of the year next preceding
31 the year in which the interest was due by the base index
32 number. The quotient, expressed in per cent and carried
33 to the third decimal, shall be multiplied by the amount of
34 money loaned. The principal sum, when so corrected for
35 changes in the buying power of money, shall be multiplied
36 by the interest rate of the loan. If the interest due,
37 when so corrected, is greater in amount than the amount
38 paid, the difference shall be added to the corrected
39 principal, and if it is a smaller amount, the difference
40 shall be subtracted from the corrected principal.

41 12376. (e). If any principal payments were made
42 during the first year the loan ran, they shall be corrected
43 by multiplying them by the same per cent used in correcting
44 the principal sum the first year, and such corrected
45 principal payments shall then be subtracted from the
46 corrected principal amount.

47 12376. (f). After all subtractions from, or additions

48 to, the corrected principal have been made for the first
49 year, as directed in the two preceding sections, the
50 remainder of the corrected principal shall be changed to
51 its base value by dividing it by the same per cent used in
52 section 12376 (d).

53 12376. (g). The base value of the principal for the
54 last preceding year shall be used as the new principal upon
55 which the calculations shall be based the second and each
56 succeeding year. Each year a new per cent shall be determined
57 by dividing the index number of the year last preceding, by the
58 base index number. The calculations shall be made for each
59 succeeding year, as directed in the three preceding sections.

60 12376. (h). At the time the judgment is to be entered,
61 the remainder of the last corrected principal, before it is
62 changed to its base value, shall be subtracted from the
63 original amount of the loan, and the resulting amount shall be
64 the amount of the tax.

65 12376. (i). If stated amounts are to be paid on a loan,
66 in lieu of interest and principal payments, they shall be
67 corrected as in the case of principal payments. When the
68 amount of the payments so corrected exceeds the amount paid in
69 any year, the difference shall be added to the next succeeding
70 payment, and when less than the amount paid, the difference
71 shall be subtracted from the next succeeding payment or
72 payments. When the judgment is to be entered, all undue payments
73 shall be divided, to determine what part of them is unearned

74 interest, and what part is undue principal. The last annual
75 index number shall be divided by the base index number, and the
76 per cent so determined shall be multiplied by the undue principal;
77 the resulting amount shall be subtracted from the undue principal.
78 The remainder shall be the amount of the tax.

79 12376. (j). That portion of all judgments which have been
80 or which may be rendered, under section twelve thousand three
81 hundred seventy-six (12376), of the code, 1931, or under
82 section (12376) (a) of this act, which is in excess of the
83 amount for which the mortgaged property was sold to satisfy
84 the same, shall be taxed upon the uniform bases, throughout
85 the State, of fifty per cent of the amount of such deficiency
86 judgment, the same to be assessed and collected annually in
87 the county or counties where the said judgments are filed.
88 This tax shall be due and payable on all such judgments of
89 record February 1, 1933, and shall be due and payable annually
90 thereafter on all such unsatisfied judgments of record on
91 February 1st of each year. If such tax shall remain unpaid for
92 more than thirty days after the same becomes due, the said
93 excess or deficiency judgment shall be deemed forfeited, and
94 the clerk of the district court shall show on his record that
95 the same has been satisfied.”

1 Sec. 2.

2 This act is deemed of immediate importance and shall take
3 effect from and after its publication in The Sioux City
4 Tribune, a newspaper published in Sioux City, Iowa, and the
5 Anthon Herald, a newspaper published in Anthon, Iowa.