

January 20, 1959.
Cities and Towns.

House File 52
By MILROY and MENSING.

Passed House, Date 2-10-59 Passed Senate, Date.....
Vote: Ayes 18 Nays 23 (7) Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act to amend chapter six hundred twenty-eight (628), Code 1958, so as to permit mortgagors and mortgagees of real property located within cities and towns to reduce the period of redemption after sale by agreement.

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

1 Section 1. Chapter six hundred twenty-eight (628), Code
2 1958, is hereby amended by adding the following new section
3 thereto:
4 "The mortgagor and the mortgagee of real property located
5 within the boundaries of any incorporated city or town and used
6 or intended to be used for residential purposes, may agree and
7 provide in the mortgage instrument that the period of redemption
8 after sale on foreclosure of said mortgage, as provided in
9 section 628.3, may be reduced to four months. In such event the
10 debtor will, in the meantime, be entitled to the possession
11 thereof; and for the first two months after date of sale such
12 right of redemption shall be exclusive, and the time periods in
13 sections 628.5, 628.15 and 628.16, shall be reduced to three
14 months.

15 Provided, further that in the event of such an agreement
16 reducing the period of redemption as herein provided, upon
17 application of the debtor within two months after sale and
18 after giving such notice to all interested parties as is
19 prescribed by the court, the court may by order extend the time
20 of redemption for a period not to exceed that stated in section

- 21 628.3 provided a satisfactory showing is made to the court that
- 22 redemption will be effected. If such order is made, the
- 23 provisions of this section shall not be applicable thereafter."

EXPLANATION OF HOUSE FILE 52

This bill will permit mortgagors and mortgagees of real property located within cities and towns to reduce the period of redemption after sale by agreement. Experience on the national level has shown that with the advent of FHA-insured and VA-guaranteed mortgages which have been marketed on a national basis, additional state legislation for the elimination of burdens which presently impede the flow of capital across state lines, is needed. In states like Iowa, where foreclosure is slow and costly, a reduction in the time period for redemption in foreclosure laws is necessary for non-farm property so as not to drive mortgage lenders away. The best estimates available show that many more million of dollars of mortgage funds would be available in Iowa if this bill is enacted. This will result in more and better low-cost housing with a resulting beneficial effect on the state's economy generally. The rights of the debtor who can redeem are protected because the bill provides that upon such showing the court may extend the period of redemption to one year as presently provided by law.

- 1 Amend House File 52, line fourteen (14), section one (1)
- 2 by striking the period "." after the word "month" and adding
- 3 the following: "except when said premises are occupied as a
- 4 homestead."

Filed and adopted
February 10, 1959.

SWISHER of Johnson.

HOUSE FILE 52

- 1 Amend House File 52 as follows:
- 2 1. By striking from line 14, section 1,
- 3 thereof, the words, "except when said premises are occupied as
- 4 a homestead".
- 5 2. By adding a new section 2 thereto, as follows:
- 6 "Sec. 2. The provisions of this Act shall only apply in those
- 7 cases where the down payment made by the debtor was ten per
- 8 cent (10%) or less of the purchase price and, further, the
- 9 provisions of this Act shall only be applicable in those cases
- 10 arising out of an action for the foreclosure of a mortgage of real
- 11 property and shall not be applicable in any other case.

Filed
March 23, 1959.

By O'MALLEY.