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SENATE FILE 2243

By COMMITTEE ON AGRICULTURE
Approved (p. 535)
(FORMERLY SENATE STUDY BILL 2237)

Passed Senate, Date 2-27-80 (p 604) Passed House, Date 3/27/80 (p 1224)
Vote: Ayes 45 Nays 4 Vote: Ayes 85 Nays 9
Approved 5/23/80

A BILL FOR

1 An Act establishing the Iowa family farm development authority,
2 authorizing the issuance of bonds, prescribing its powers
3 and duties and providing for its administration of the
4 Bankhead-Jones Farm Tenant Act funds.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. SHORT TITLE. This Act shall
2 be called and may be cited as the "Iowa Family Farm Development
3 Act".

4 Sec. 2. NEW SECTION. DEFINITIONS. As used in sections
5 one (1) through thirty-two (32) of this Act, unless the context
6 otherwise requires:

7 1. "Agricultural land" means land suitable for use in
8 farming.

9 2. "Agricultural improvements" means any improvements,
10 buildings, structures or fixtures suitable for use in farming
11 which are located on agricultural land. "Agricultural
12 improvements" includes a single-family dwelling located on
13 agricultural land and structures attached to or incidental
14 to the use of the dwelling.

15 3. "Authority" means the Iowa family farm development
16 authority established in section three (3) of this Act.

17 4. "Bankhead-Jones Farm Tenant Act" means the Act cited
18 as 50 Stat. 522(1937), formerly codified as 7 U.S.C. s. 1000
19 et seq., repealed by Pub. L. No. 87-128 (1961).

20 5. "Beginning farmer" means an individual with a low or
21 moderate net worth who engages in farming or wishes to engage
22 in farming.

23 6. "Bonds" means bonds issued by the authority pursuant
24 to sections one (1) through thirty-two (32) of this Act.

25 7. "Farming" means farming as defined in section one
26 hundred seventy-two C point one (172C.1), subsection six (6),
27 of the Code.

28 8. "Low or moderate net worth" means an aggregate net
29 worth of an individual and the individual's spouse and
30 children, if any, of less than one hundred thousand dollars.

31 9. "Mortgage" means a mortgage, mortgage deed, deed of
32 trust, or other instrument creating a first lien, subject
33 only to title exceptions and encumbrances acceptable to the
34 authority, including any other mortgage liens of equal standing
35 with or subordinate to the mortgage loan retained by a seller

1 or conveyed to a mortgage lender, on a fee interest in
2 agricultural land and agricultural improvements.

3 10. "Mortgage lender" means a bank, trust company, mortgage
4 company, national banking association, savings and loan
5 association, life insurance company, any state or federal
6 governmental agency of instrumentality, including without
7 limitation the federal land bank or any of its local
8 associations, or any other financial institution or entity
9 authorized to make mortgage loans in this state.

10 11. "Mortgage loan" means a financial obligation secured
11 by a mortgage.

12 12. "Net worth" means total assets minus total liabilities
13 as determined in accordance with generally accepted accounting
14 principles with appropriate exceptions and exemptions
15 reasonably related to an equitable determination of the
16 family's net worth.

17 13. "Note" means a bond anticipation note issued by the
18 authority pursuant to sections one (1) through thirty-two
19 (32) of this Act.

20 14. "State agency" means any board, commission, department,
21 public officer, or other agency or authority of the state
22 of Iowa.

23 The authority may establish by rule further definitions
24 applicable to sections one (1) through thirty-two (32) of
25 this Act and clarification of the definitions in this section,
26 as necessary to assure eligibility for funds, insurance or
27 guarantees available under federal laws and to carry out the
28 public purposes of sections one (1) through thirty-two (32)
29 of this Act.

30 Sec. 3. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

31 1. The Iowa family farm development authority is
32 established, and constituted a public instrumentality and
33 agency of the state exercising public and essential
34 governmental functions. The authority is established to
35 undertake programs which assist beginning farmers in purchasing

1 agricultural land and agricultural improvements for the purpose
2 of farming. The powers of the authority shall be vested in
3 and exercised by a board of nine members appointed by the
4 governor with the approval of two-thirds of the members of
5 the senate. No more than five members shall belong to the
6 same political party. As far as possible the governor shall
7 include within the membership persons who represent financial
8 institutions experienced in agricultural lending, the real
9 estate sales industry, farmers, beginning farmers, average
10 taxpayers, local government, and any other person specially
11 interested in family farm development.

12 2. Members of the authority shall be appointed by the
13 governor for terms of six years except that, of the first
14 appointments, three members shall be appointed for terms of
15 two years and three members shall be appointed for a term
16 of four years. A person appointed to fill a vacancy shall
17 serve only for the unexpired portion of the term. A member
18 is eligible for reappointment. A member of the authority
19 may be removed from office by the governor for misfeasance,
20 malfeasance or willful neglect of duty or other just cause,
21 after notice and hearing, unless the notice and hearing is
22 expressly waived in writing. A member of the authority may
23 also serve as a member of the Iowa housing finance authority.

24 3. Five members of the authority constitute a quorum and
25 the affirmative vote of a majority of the members is necessary
26 for any substantive action taken by the authority. The
27 majority shall not include any member who has a conflict of
28 interest and a statement by a member of a conflict of interest
29 shall be conclusive for this purpose. A vacancy in the
30 membership does not impair the right of a quorum to exercise
31 all rights and perform all duties of the authority.

32 4. Members of the authority are entitled to receive forty
33 dollars per diem for each day spent in performance of duties
34 as members, and shall be reimbursed for all actual and
35 necessary expenses incurred in the performance of duties as

1 members.

2 5. Members of the authority and the executive director
3 shall give bond as required for public officers in chapter
4 sixty-four (64) of the Code.

5 6. Meetings of the authority shall be held at the call
6 of the chairperson or whenever two members so request.

7 7. Members shall elect a chairperson and vice chairperson
8 annually, and other officers as they determine, but the
9 executive director shall serve as secretary to the authority.

10 8. The net earnings of the authority, beyond that necessary
11 for retirement of its notes, bonds or other obligations or
12 to implement the public purposes and programs authorized,
13 shall not inure to the benefit of any person other than the
14 state. Upon termination of the existence of the authority,
15 title to all property owned by the authority including any
16 net earnings shall vest in the state.

17 Sec. 4. NEW SECTION. LEGISLATIVE FINDINGS. The general
18 assembly finds and declares as follows:

19 1. The establishment of the authority is in all respects
20 for the benefit of the people of the state of Iowa, for the
21 improvement of their health and welfare and for the promotion
22 of the economy, which are public purposes.

23 2. The authority will be performing an essential
24 governmental function in the exercise of the powers and duties
25 conferred upon it by sections one (1) through thirty-two (32)
26 of this Act.

27 3. There exists a serious problem in this state regarding
28 the ability of nonestablished farmers to acquire agricultural
29 land and agricultural improvements in order to enter farming.

30 4. This barrier to entry into farming is conducive to
31 consolidation of acreage of agricultural land with fewer
32 individuals resulting in a grave threat to the traditional
33 family farm.

34 5. These conditions result in a loss in population,
35 unemployment and a movement of persons from rural communities

1 to urban areas accompanied by added costs to communities for
2 creation of new public facilities and services.

3 6. One major cause of this condition has been recurrent
4 shortages of funds in private channels and the high interest
5 cost of borrowing.

6 7. These shortages and costs have made the sale and
7 purchase of agricultural land to beginning farmers a virtual
8 impossibility in many parts of the state.

9 8. The ordinary operations of private enterprise have
10 not in the past corrected these conditions.

11 9. A stable supply of adequate funds for agricultural
12 financing is required to encourage beginning farmers in an
13 orderly and sustained manner and to reduce the problems
14 described in this section.

15 10. Article nine (IX), section three (3), of the
16 Constitution of the State of Iowa requires that, "The General
17 Assembly shall encourage, by all suitable means, the promotion
18 of intellectual, scientific, moral, and agricultural
19 improvement," and agricultural improvement and the public
20 good are served by a policy of facilitating access to capital
21 by beginning farmers unable to obtain capital elsewhere in
22 order to preserve, encourage and protect the family farm which
23 has been the economic, political and social backbone of rural
24 Iowa.

25 11. It is necessary to create a state family farm
26 development authority to encourage ownership of farms by
27 beginning farmers by providing purchase money loans to
28 beginning farmers who are not able to obtain adequate capital
29 elsewhere to provide such funds and to lower costs through
30 the use of public financing.

31 12. All of the purposes stated in this section are public
32 purposes and uses for which public moneys may be borrowed,
33 expended, advanced, loaned or granted.

34 Sec. 5. NEW SECTION. GUIDING PRINCIPLES. In the
35 performance of its duties, implementation of its powers,

1 selection of specific programs and projects to receive its
2 assistance, the authority shall be guided by the following
3 principles:

4 1. The authority shall not become an owner of real
5 property, except on a temporary basis where necessary in order
6 to implement its programs, to protect its investments by means
7 of foreclosure or other means, or to facilitate transfer of
8 real property for the use of beginning farmers.

9 2. The authority shall exercise diligence and care in
10 selection of projects to receive its assistance and shall
11 apply customary and acceptable business and lending standards
12 in selection and subsequent implementation of the projects.
13 The authority may delegate primary responsibility for
14 determination and implementation of the projects to any federal
15 governmental agency which assumes any obligation to repay
16 the loan, either directly or by insurance or guarantee.

17 3. The authority shall establish a beginning farmer loan
18 program to aid beginning farmers in the acquisition of
19 agricultural land.

20 Sec. 6. NEW SECTION. GENERAL POWERS. The authority has
21 all of the general powers needed to carry out its purposes
22 and duties, and to exercise its specific powers, including
23 but not limited to the power to:

24 1. Issue its negotiable bonds and notes as provided in
25 sections one (1) through thirty-two (32) of this Act in order
26 to finance its programs.

27 2. Sue and be sued in its own name.

28 3. Have and alter a corporate seal.

29 4. Make and alter bylaws for its management consistent
30 with the provisions of sections one (1) through thirty-two
31 (32) of this Act.

32 5. Make and execute agreements, contracts and other
33 instruments, with any public or private entity, including
34 but not limited to, any federal governmental agency or
35 instrumentality. The authority may make and execute contracts

1 with any firm of independent certified public accountants
2 to prepare an annual report on behalf of the authority. The
3 authority may make and execute contracts with mortgage lenders
4 for the servicing of mortgage loans. All political
5 subdivisions, other public agencies and state agencies may
6 enter into contracts and otherwise cooperate with the
7 authority.

8 6. Acquire, hold, improve, mortgage, lease and dispose
9 of real and personal property, including but not limited to,
10 the power to sell at public or private sale, with or without
11 public bidding, any property, mortgage loan or other obligation
12 held by it.

13 7. Procure insurance against any loss in connection with
14 its operations and property interests, including pool insurance
15 on any group of mortgage loans.

16 8. Fix and collect fees and charges for its services.

17 9. Subject to any agreement with bondholders or
18 noteholders, invest or deposit moneys of the authority in
19 any manner determined by the authority, notwithstanding the
20 provisions of chapters four hundred fifty-two (452), four
21 hundred fifty-three (453) or four hundred fifty-four (454)
22 of the Code.

23 10. Accept appropriations, gifts, grants, loans, or other
24 aid from public or private entities. A record of all gifts
25 or grants, stating the type, amount and donor, shall be clearly
26 set out in the authority's annual report along with the record
27 of other receipts.

28 11. Provide to public and private entities technical
29 assistance and counseling related to the authority's purposes.

30 12. In cooperation with other local, state or federal
31 governmental agencies or instrumentalities, conduct studies
32 of beginning farmer agricultural needs, and gather and compile
33 data useful to facilitate decision making.

34 13. Contract with architects, engineers, attorneys,
35 accountants, housing construction and finance experts, and

1 other advisors or enter into contracts or agreements for such
2 services with local, state or federal governmental agencies.

3 14. Make, alter and repeal rules consistent with the
4 provisions of sections one (1) through thirty-two (32) of
5 this Act, and subject to chapter seventeen A (17A) of the
6 Code.

7 Sec. 7. NEW SECTION. STAFF.

8 1. The executive director and staff of the Iowa housing
9 finance authority shall also serve as executive director and
10 staff of the authority, respectively. The executive director
11 shall not, directly or indirectly, exert influence to induce
12 any other officers or employees of the state to adopt a
13 political view, or to favor a political candidate for office.

14 2. The executive director shall advise the authority on
15 matters relating to agricultural land and agricultural finance,
16 and carry out all directives from the authority, and may hire
17 and supervise additional staff pursuant to its directions
18 and under the provisions of chapter nineteen A (19A), of the
19 Code, except that principal administrative assistants with
20 responsibilities in beginning farm loan programs, accounting,
21 mortgage loan processing, and investment portfolio management
22 are exempt from that chapter.

23 3. The executive director, as secretary of the authority,
24 shall be custodian of all books, documents and papers filed
25 with the authority and of its minute book and seal. The
26 executive director may cause to be made copies of all minutes
27 and other records and documents of the authority and give
28 certificates under the seal of the authority to the effect
29 that the copies are true copies and all persons dealing with
30 the authority may rely upon the certificates.

31 Sec. 8. NEW SECTION. ANNUAL REPORT.

32 1. The authority shall submit to the governor and to the
33 general assembly, not later than January fifteenth of each
34 year, a complete report setting forth:

35 a. Its operations and accomplishments.

1 b. Its receipts and expenditures during the fiscal year,
2 in accordance with the classifications it establishes for
3 its operating and capital accounts.

4 c. Its assets and liabilities at the end of its fiscal
5 year and the status of reserve, special and other funds.

6 d. A schedule of its bonds and notes outstanding at the
7 end of its fiscal year, together with a statement of the
8 amounts redeemed and issued during its fiscal year.

9 e. A statement of its proposed and projected activities.

10 f. Recommendations to the general assembly, as it deems
11 necessary.

12 g. An analysis of beginning farmer needs in the state.

13 2. The annual report shall identify performance goals
14 of the authority, and clearly indicate the extent of progress
15 during the reporting period, in attaining the goals. Where
16 possible, results shall be expressed in terms of number of
17 loans and acres of agricultural land.

18 Sec. 9. NEW SECTION. NONDISCRIMINATION.

19 1. The opportunity to acquire agricultural land and
20 agricultural improvements financed or otherwise assisted by
21 the authority, directly or indirectly, is open to all persons
22 regardless of race, creed, color, sex, national origin, age,
23 physical or mental impairment, or religion.

24 2. The authority shall promote marketing plans for its
25 programs under sections one (1) through thirty-two (32) of
26 this Act.

27 Sec. 10. NEW SECTION. SURPLUS MONEYS. Moneys declared
28 by the authority to be surplus moneys which are not required
29 to service bonds and notes, to pay administrative expenses
30 of the authority or to accumulate necessary operating or loss
31 reserves, shall be used by the authority to provide loans,
32 grants, subsidies, and services to beginning farmers through
33 any of the programs authorized in sections one (1) through
34 thirty-two (32) of this Act.

35 Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Programs

1 authorized in sections one (1) through thirty-two (32) of
2 this Act may be combined with any other programs authorized
3 in sections one (1) through thirty-two (32) of this Act, under
4 chapter two hundred twenty (220) of the Code or under a federal
5 program in order to facilitate as far as practicable the
6 acquisition of agricultural land by beginning farmers.

7 Sec. 12. NEW SECTION. BEGINNING FARMER PROGRAM.

8 1. The authority shall develop a beginning farmer loan
9 program to facilitate the acquisition of agricultural land
10 by beginning farmers. The authority shall exercise the powers
11 granted to it in sections one (1) through thirty-two (32)
12 of this Act in order to fulfill the goal of providing financial
13 assistance to beginning farmers in the acquisition of
14 agricultural land and agricultural improvements. The authority
15 may participate in and cooperate with programs of the farmers
16 home administration, federal land bank or any other agency
17 or instrumentality of the federal government or with any
18 program of any other state agency in the administration of
19 the beginning farmer loan program and in the making or
20 purchasing of mortgage loans pursuant to sections one (1)
21 through thirty-two (32) of this Act.

22 2. The authority may participate in any federal programs
23 designed to assist beginning farmers or in any related federal
24 or state programs.

25 3. The authority shall provide in a beginning farmer loan
26 program that a mortgage loan to or on behalf of a beginning
27 farmer shall be provided only if the following criteria are
28 satisfied:

29 a. The beginning farmer is a resident of the state.

30 b. The agricultural land and agricultural improvements
31 the beginning farmer proposes to purchase are in the state.

32 c. The beginning farmer has sufficient education, training,
33 or experience in the type of farming for which the beginning
34 farmer requests the mortgage loan.

35 d. The authority is financing the acquisition by that

1 beginning farmer of a total of not more than two hundred and
2 forty acres of agricultural land.

3 e. The beginning farmer has access to adequate working
4 capital, farm equipment, machinery or livestock.

5 f. The authority determines that the beginning farmer
6 is unable to secure financing from conventional sources upon
7 terms and conditions which the beginning farmer reasonably
8 could be expected to fulfill.

9 g. The agricultural land and agricultural improvements
10 shall only be used for farming by the beginning farmer or
11 his or her family.

12 h. Other criteria as the authority prescribes by rule.

13 4. The authority may provide in a mortgage loan made or
14 purchased pursuant to sections one (1) through thirty-two
15 (32) of this Act that the loan may not be assumed or any
16 interest in the agricultural land or improvements leased, sold
17 or otherwise conveyed without its prior written consent and
18 may provide a due-on-sale clause with respect to the occurrence
19 of any of the foregoing events without its prior written
20 consent. The authority may provide by rule the grounds for
21 permitted assumptions of a mortgage or for the leasing, sale
22 or other conveyance of any interest in the agricultural land
23 or improvements. This provision controls with respect to
24 a mortgage loan made or purchased pursuant to sections one
25 (1) through thirty-two (32) of this Act notwithstanding the
26 provisions of chapter five hundred thirty-five (535) of the
27 Code.

28 5. The authority may participate in any interest in any
29 mortgage loan made or purchased pursuant to sections one (1)
30 through thirty-two (32) of this Act with a mortgage lender.
31 The participation interest may be on a parity with the interest
32 in the mortgage loan retained by the authority, equally and
33 ratably secured by the mortgage securing the mortgage loan.

34 Sec. 13. NEW SECTION. MORTGAGE LOANS TO BEGINNING FARMERS.

35 1. The authority may make mortgage loans, including but

1 not limited to mortgage loans insured, guaranteed, or otherwise
2 secured by the federal government or a federal governmental
3 agency or instrumentality, a state agency or private mortgage
4 insurers, to beginning farmers to provide financing for
5 agricultural land and agricultural improvements.

6 2. Mortgage loans shall contain terms and provisions,
7 including interest rates, and be in a form established by
8 rules of the authority. The authority may require the
9 beginning farmer to execute a note, loan agreement or other
10 evidence of indebtedness and furnish additional assurances
11 and guarantees, including insurance, reasonably related to
12 protecting the security of the mortgage loan, as the authority
13 deems necessary.

14 Sec. 14. NEW SECTION. LOANS TO MORTGAGE LENDERS.

15 1. The authority may make and contract to make loans to
16 mortgage lenders on terms and conditions it determines are
17 reasonably related to protecting the security of the
18 authority's investment and to implementing the purposes of
19 sections one (1) through thirty-two (32) of this Act. Mortgage
20 lenders are authorized to borrow from the authority in
21 accordance with the provisions of this section and the rules
22 of the authority.

23 2. The authority shall require as a condition of each
24 loan to a mortgage lender that the mortgage lender, within
25 a reasonable period after receipt of the loan proceeds as
26 the authority prescribes by rule, shall have entered into
27 written commitments to make and, within a reasonable period
28 thereafter as the authority prescribes by rule, shall have
29 disbursed the loan proceeds in new mortgage loans to beginning
30 farmers in an aggregate principal amount of not less than
31 the amount of the loan. New mortgage loans shall have terms
32 and conditions as the authority prescribes by rules which
33 are reasonably related to implementing the purposes of sections
34 one (1) through thirty-two (32) of this Act.

35 3. The authority shall require the submission to it by

1 each mortgage lender to which the authority has made a loan,
2 of evidence satisfactory to the authority of the making of
3 new mortgage loans to beginning farmers as required by this
4 section and in that connection may, through its members,
5 employees or agents, inspect the books and records of a
6 mortgage lender.

7 4. Compliance by a mortgage lender with the terms of its
8 agreement with the authority with respect to the making of
9 new mortgage loans to beginning farmers may be enforced by
10 decree of any district court of this state. The authority
11 may require as a condition of a loan to a national banking
12 association or a federally chartered savings and loan
13 association, the consent of the association to the jurisdiction
14 of courts of this state over any enforcement proceeding.
15 The authority may also require, as a condition of a loan to
16 a mortgage lender, agreement by the mortgage lender to the
17 payment of penalties to the authority for violation by the
18 mortgage lender of its agreement with the authority, and the
19 penalties shall be recoverable at the suit of the authority.

20 5. The authority shall require that each mortgage lender
21 receiving a loan pursuant to this section shall issue and
22 deliver to the authority evidence of its indebtedness to the
23 authority which shall constitute a general obligation of the
24 mortgage lender and shall bear a date, mature at a time, be
25 subject to prepayment and contain other provisions consistent
26 with this section and reasonably related to protecting the
27 security of the authority's investment, as the authority
28 determines.

29 6. Notwithstanding any other provision of this section,
30 the interest rate and other terms of loans to mortgage lenders
31 made from the proceeds of an issue of bonds or notes of the
32 authority shall be at least sufficient to assure the payment
33 of the bonds or notes and the interest on them as they become
34 due.

35 7. The authority may require that loans to mortgage lenders

1 are additionally secured as to payment of both principal and
2 interest by a pledge of and lien upon collateral security
3 by special escrow funds or other forms of guarantee and in
4 amounts and forms as the authority by resolution determines
5 to be necessary to assure the payment of the loans and the
6 interest as they become due. Collateral security shall consist
7 of direct obligations of or obligations guaranteed by the
8 United States or one of its agencies, obligations satisfactory
9 to the authority which are issued by other federal agencies,
10 direct obligations of or obligations guaranteed by a state
11 or a political subdivision of a state or investment quality
12 obligations approved by the authority.

13 8. The authority may require that collateral for loans
14 be deposited with a bank, trust company or other financial
15 institution acceptable to the authority located in this state
16 and designated by the authority as custodian. In the absence
17 of that requirement, each mortgage lender shall enter into
18 an agreement with the authority containing provisions the
19 authority deems necessary to adequately identify and maintain
20 the collateral, service the collateral and require the mortgage
21 lender to hold the collateral as an agent for the authority
22 and be accountable to the authority as the trustee of an
23 express trust for the application and disposition of the
24 collateral and the income from it. The authority may also
25 establish additional requirements it deems necessary with
26 respect to the pledging, assigning, setting aside or holding
27 of collateral and the making of substitutions for it or
28 additions to it and the disposition of income and receipts
29 from it.

30 9. The authority may require as a condition of loans to
31 mortgage lenders any representations and warranties it
32 determines are necessary to secure the loans and carry out
33 the purposes of this section.

34 10. The authority may require the beginning farmer to
35 satisfy conditions and requirements normally imposed by mortgage

1 lenders in making similar loans, including but not limited
2 to, the purchase of capital stock in the federal land bank.
3 11. If a provision of this section is inconsistent with
4 a provision of law of this state governing mortgage lenders,
5 the provision of this section controls for the purposes of
6 this section.

7 Sec. 15. NEW SECTION. PURCHASE OF MORTGAGE LOANS.

8 1. The authority may purchase and make advance commitments
9 to purchase mortgage loans from mortgage lenders at prices
10 and upon terms and conditions as it determines. However,
11 the total purchase price for all mortgage loans which the
12 authority commits to purchase from a mortgage lender at any
13 one time shall not exceed the total of the unpaid principal
14 balances of the mortgage loans purchased. Mortgage lenders
15 are authorized to sell mortgage loans to the authority in
16 accordance with the provisions of this section and the rules
17 of the authority.

18 2. The authority shall require as a condition of purchase
19 of mortgage loans from mortgage lenders that the mortgage
20 lenders certify that the mortgage loans purchased are loans
21 made to beginning farmers. Mortgage loans to be made by
22 mortgage lenders shall have terms and conditions as the
23 authority prescribes by rule. The authority may make a
24 commitment to purchase mortgage loans from mortgage lenders
25 in advance of the time the loans are made by mortgage lenders.
26 The authority shall require as a condition of a commitment
27 that mortgage lenders certify in writing that all mortgage
28 loans represented by the commitment will be made to beginning
29 farmers and that the mortgage lender will comply with other
30 authority specifications.

31 3. The authority shall require the submission to it by
32 each mortgage lender from which the authority has purchased
33 mortgages of evidence satisfactory to the authority of the
34 making of mortgage loans to beginning farmers as required
35 by this section and in that connection may, through its

1 members, employees or agents, inspect the books and records
2 of a mortgage lender.

3 4. Compliance by a mortgage lender with the terms of its
4 agreement with the authority with respect to the making of
5 mortgage loans to beginning farmers may be enforced by decree
6 of any district court of this state. The authority may require
7 as a condition of purchase of mortgage loans from any national
8 banking association or federally chartered savings and loan
9 association the consent of the association to the jurisdiction
10 of courts of this state over any enforcement proceeding.
11 The authority may also require as a condition of the purchase
12 of mortgage loans from a mortgage lender agreement by the
13 mortgage lender to the payment of penalties to the authority
14 for violation by the mortgage lender of its agreement with
15 the authority and the penalties shall be recoverable at the
16 suit of the authority.

17 5. The authority may require as a condition of purchase
18 of a mortgage loan from a mortgage lender that the mortgage
19 lender make representations and warranties the authority
20 requires. A mortgage lender is liable to the authority for
21 damages suffered by the authority by reason of the untruth
22 of a representation or the breach of a warranty and, in the
23 event that a representation proves to be untrue when made
24 or in the event of a breach of warranty, the mortgage lender
25 shall, at the option of the authority, repurchase the mortgage
26 loan for the original purchase price adjusted for amounts
27 subsequently paid on it, as the authority determines.

28 6. The authority shall require the recording of an
29 assignment of a mortgage loan purchased by it from a mortgage
30 lender and is not required to notify the mortgagor of its
31 purchase of the mortgage loan. The authority is not required
32 to inspect or take possession of the mortgage documents if
33 the mortgage lender from which the mortgage loan is purchased
34 enters into a contract to service the mortgage loan and account
35 to the authority for it.

1 7. If a provision of this section is inconsistent with
2 another provision of law of this state governing mortgage
3 lenders, the provision of this section controls for the
4 purposes of this section.

5 Sec. 16. NEW SECTION. POWERS RELATING TO LOANS. Subject
6 to any agreement with bondholders or noteholders, the authority
7 may renegotiate a mortgage loan or a loan to a mortgage lender
8 in default, waive a default or consent to the modification
9 of the terms of a mortgage loan or a loan to a mortgage lender,
10 forgive or forbear all or part of a mortgage loan or a loan
11 to a mortgage lender and commence, prosecute and enforce a
12 judgment in any action, including but not limited to a
13 foreclosure action, to protect or enforce any right conferred
14 upon it by law, mortgage loan agreement, contract or other
15 agreement and in connection with any action, bid for and
16 purchase the property or acquire or take possession of it,
17 complete, administer, pay the principal of and interest on
18 any obligations incurred in connection with the property and
19 dispose of and otherwise deal with the property in a manner
20 the authority deems advisable to protect its interests.

21 Sec. 17. NEW SECTION. BONDS AND NOTES.

22 1. The authority may issue its negotiable bonds and notes
23 in principal amounts which, in the opinion of the authority,
24 are necessary to provide sufficient funds for achievement
25 of its corporate purposes, the payment of interest on its
26 bonds and notes, the establishment of reserves to secure its
27 bonds and notes and all other expenditures of the authority
28 incident to and necessary or convenient to carry out its
29 purposes and powers. However, the authority may not have
30 a total principal amount of bonds and notes outstanding at
31 any time in excess of one hundred million dollars. The bonds
32 and notes shall be deemed to be investment securities and
33 negotiable instruments within the meaning of and for all
34 purposes of the uniform commercial code.

35 2. Bonds and notes are payable solely and only out of

1 the moneys, assets or revenues of the authority and as provided
2 in the agreement with bondholders or noteholders pledging
3 any particular moneys, assets or revenues. Bonds or notes
4 are not an obligation of this state or any political
5 subdivision of this state other than the authority within
6 the meaning of any constitutional or statutory debt
7 limitations, but are special obligations of the authority
8 payable solely and only from the sources provided in sections
9 one (1) through thirty-two (32) of this Act, and the authority
10 shall not pledge the credit or taxing power of this state
11 or any political subdivision of this state other than the
12 authority or make its debts payable out of any moneys except
13 those of the authority.

14 3. Bonds and notes must be authorized by a resolution
15 of the authority. However, a resolution authorizing the
16 issuance of bonds or notes may delegate to an officer of the
17 authority the power to negotiate and fix the details of an
18 issue of bonds or notes by an appropriate certificate of the
19 authorized officer.

20 4. Bonds shall:

21 a. State the date and series of the issue, be consecutively
22 numbered and state on their face that they are payable both
23 as to principal and interest solely out of the assets of the
24 authority and do not constitute an indebtedness of this state
25 or any political subdivision of this state other than the
26 authority within the meaning of any constitutional or statutory
27 debt limit.

28 b. Be either registered, registered as to principal only,
29 or in coupon form, issued in denominations as the authority
30 prescribes, fully negotiable instruments under the laws of
31 this state, signed on behalf of the authority with the manual
32 or facsimile signature of the chairperson or vice chairperson,
33 attested by the manual or facsimile signature of the secretary,
34 have impressed or imprinted thereon the seal of the authority
35 or a facsimile of it, and the coupons attached shall be signed

1 with the facsimile signature of the chairperson or vice
2 chairperson, be payable as to interest at rates and at times
3 as the authority determines, be payable as to principal at
4 times over a period not to exceed fifty years from the date
5 of issuance, at places and with reserved rights of prior
6 redemption, as the authority prescribes, be sold at prices,
7 at public or private sale, and in a manner as the authority
8 prescribes, and the authority may pay all expenses, premiums
9 and commissions which it deems necessary or advantageous in
10 connection with the issuance and sale, and be issued under
11 and subject to the terms, conditions and covenants providing
12 for the payment of the principal, redemption premiums, if
13 any, interest and other terms, conditions, covenants and
14 protective provisions safeguarding payment, not inconsistent
15 with sections one (1) through thirty-two (32) of this Act,
16 as are found to be necessary by the authority for the most
17 advantageous sale, which may include, but are not limited
18 to, covenants with the holders of the bonds as to those matters
19 set forth in section two hundred twenty point twenty-six
20 (220.26), subsection four (4), paragraph b, of the Code.

21 5. The authority may issue its bonds for the purpose of
22 refunding any bonds or notes of the authority then outstanding,
23 including the payment of any redemption premiums and any
24 interest accrued or to accrue to the date of redemption of
25 the outstanding bonds or notes. Until the proceeds of bonds
26 issued for the purpose of refunding outstanding bonds or notes
27 are applied to the purchase or retirement of outstanding bonds
28 or notes or the redemption of outstanding bonds or notes,
29 the proceeds may be placed in escrow and be invested and
30 reinvested in accordance with the provisions of sections one
31 (1) through thirty-two (32) of this Act. The interest, income
32 and profits earned or realized on an investment may also be
33 applied to the payment of the outstanding bonds or notes to
34 be refunded by purchase, retirement or redemption. After
35 the terms of the escrow have been fully satisfied and carried

1 out, any balance of proceeds and interest earned or realized
2 on the investments may be returned to the authority for use
3 by it in any lawful manner. All refunding bonds shall be
4 issued and secured and subject to the provisions of sections
5 one (1) through thirty-two (32) of this Act in the same manner
6 and to the same extent as other bonds.

7 6. The authority may issue negotiable bond anticipation
8 notes and may renew them from time to time but the maximum
9 maturity of the notes, including renewals, shall not exceed
10 ten years from the date of issue of the original notes. Notes
11 are payable from any available moneys of the authority not
12 otherwise pledged or from the proceeds of the sale of bonds
13 in anticipation of which the notes were issued. Notes may
14 be issued for any corporate purpose of the authority. Notes
15 shall be issued in the same manner as bonds and notes and
16 the resolution authorizing them may contain any provisions,
17 conditions or limitations, not inconsistent with the provisions
18 of this subsection, which the bonds or a bond resolution of
19 the authority may contain. Notes may be sold at public or
20 private sale. In case of default on its notes or violation
21 of any obligations of the authority to the noteholders, the
22 noteholders shall have all the remedies provided in sections
23 one (1) through thirty-two (32) of this Act for bondholders.
24 Notes shall be as fully negotiable as bonds of the authority.

25 7. A copy of each pledge agreement by or to the authority,
26 including without limitation each bond resolution, indenture
27 of trust or similar agreement, or any revisions or supplements
28 to it shall be filed with the secretary of state and no further
29 filing or other action under article nine (9) of the uniform
30 commercial code, or any other law of the state shall be
31 required to perfect the security interest in the collateral
32 or any additions to it or substitutions for it and the lien
33 and trust so created shall be binding from and after the time
34 made against all parties having claims of any kind in tort,
35 contract or otherwise against the pledgor.

1 8. Members of the authority and any person executing its
2 bonds, notes or other obligations are not liable personally
3 on the bonds, notes or other obligations or subject to personal
4 liability or accountability by reason of the issuance of the
5 authority's bonds or notes.

6 Sec. 18. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

7 1. The authority may create and establish one or more
8 special funds, each to be known as a "bond reserve fund" and
9 shall pay into each bond reserve fund any moneys appropriated
10 and made available by the state for the purpose of the fund,
11 any proceeds of sale of notes or bonds to the extent provided
12 in the resolutions of the authority authorizing their issuance
13 and any other moneys which are available to the authority
14 for the purpose of the fund from any other sources. Moneys
15 held in a bond reserve fund, except as otherwise provided
16 in sections one (1) through thirty-two (32) of this Act, shall
17 be used as required solely for the payment of the principal
18 of bonds secured in whole or in part by the fund or of the
19 sinking fund payments with respect to the bonds, the purchase
20 or redemption of the bonds, the payment of interest on the
21 bonds or the payments of any redemption premium required to
22 be paid when the bonds are redeemed prior to maturity.

23 2. Moneys in a bond reserve fund shall not be withdrawn
24 from it in an amount that will reduce the amount of the fund
25 to less than the bond reserve fund requirement established
26 for the fund, as provided in this section, except for the
27 purpose of making payment when due of principal, interest,
28 redemption premiums and the sinking fund payments with respect
29 to the bonds for the payment of which other moneys of the
30 authority are not available. Any income or interest earned
31 by, or incremental to, a bond reserve fund due to the
32 investment of it may be transferred by the authority to other
33 funds or accounts of the authority to the extent the transfer
34 does not reduce the amount of that bond reserve fund below
35 the bond reserve fund requirement for it.

1 3. The authority shall not at any time issue bonds, secured
2 in whole or in part by a bond reserve fund if, upon the
3 issuance of the bonds, the amount in the bond reserve fund
4 will be less than the bond reserve fund requirement for the
5 fund, unless the authority at the time of issuance of the
6 bonds deposits in the fund from the proceeds of the bonds
7 issued or from other sources an amount which, together with
8 the amount then in the fund will not be less than the bond
9 reserve fund requirement for the fund. For the purposes of
10 this section, the term "bond reserve fund requirement" means,
11 as of any particular date of computation, an amount of money,
12 as provided in the resolutions of the authority authorizing
13 the bonds with respect to which the fund is established, equal
14 to not more than ten percent of the outstanding principal
15 amount of bonds secured by the fund.

16 4. To assure the continued operation and solvency of the
17 authority for the carrying out of its corporate purposes,
18 provision is made in subsection one (1) of this section for
19 the accumulation in each bond reserve fund of an amount equal
20 to the bond reserve fund requirement for the fund. In order
21 further to assure maintenance of the bond reserve funds, the
22 chairperson of the authority shall, on or before July first
23 of each calendar year, make and deliver to the governor a
24 certificate stating the sum, if any, required to restore each
25 bond reserve fund to its bond reserve fund requirement.
26 Within thirty days after the beginning of the session of the
27 general assembly next following the delivery of the
28 certificate, the governor may submit to both houses printed
29 copies of a budget including any sum required to restore each
30 bond reserve fund to its bond reserve fund requirement. Sums
31 appropriated by the general assembly and paid to the authority
32 pursuant to this section shall be deposited by the authority
33 in the applicable bond reserve fund.

34 5. Amounts paid over to the authority by the state pursuant
35 to the provisions of this section shall constitute and be

1 accounted for as advances by the state to the authority and,
2 subject to the rights of the holders of any bonds or notes
3 of the authority, shall be repaid to the state without interest
4 from all available operating revenues of the authority in
5 excess of amounts required for the payment of bonds, notes
6 or obligations of the authority, the bond reserve fund and
7 operating expenses.

8 6. The authority shall cause to be delivered to the
9 legislative fiscal committee within ninety days of the close
10 of its fiscal year its annual report certified by an
11 independent certified public accountant, who may be the
12 accountant or a member of the firm of accountants who regularly
13 audits the books and accounts of the authority selected by
14 the authority. In the event that the principal amount of
15 any bonds or notes deposited in a bond reserve fund is
16 withdrawn for payment of principal or interest thereby reducing
17 the amount of that fund to less than the bond reserve fund
18 requirement, the authority shall immediately notify the general
19 assembly of this event and shall take steps to restore the
20 fund to its bond reserve fund requirement from any amounts
21 available, other than principal of a bond issue, which are
22 not pledged to the payment of other bonds or notes.

23 Sec. 19. NEW SECTION. REMEDIES OF BONDHOLDERS AND
24 NOTEHOLDERS.

25 1. If the authority defaults in the payment of principal
26 or interest on an issue of bonds or notes at maturity or upon
27 call for redemption and the default continues for a period
28 of thirty days or if the authority fails or refuses to comply
29 with the provisions of sections one (1) through thirty-two
30 (32) of this Act, or defaults in an agreement made with the
31 holders of an issue of bonds or notes, the holders of twenty-
32 five percent in aggregate principal amount of bonds or notes
33 of the issue then outstanding, by instrument filed in the
34 office of the clerk of the county in which the principal
35 office of the authority is located and proved or acknowledged

1 in the same manner as a deed to be recorded, may appoint a
2 trustee to represent the holders of the bonds or notes for
3 the purposes provided in this section.

4 2. The authority or any trustee appointed under the
5 indenture under which the bonds are issued may, but upon
6 written request of the holders of twenty-five percent in
7 aggregate principal amount of the issue of bonds or notes
8 then outstanding shall:

9 a. Enforce all rights of the bondholders or noteholders
10 including the right to require the authority to carry out
11 its agreements with the holders and to perform its duties
12 under sections one (1) through thirty-two (32) of this Act.

13 b. Bring suit upon the bonds or notes.

14 c. By action require the authority to account as if it
15 were the trustee of an express trust for the holders.

16 d. By action enjoin any acts or things which are unlawful
17 or in violation of the rights of the holders.

18 e. Declare all the bonds or notes due and payable and
19 if all defaults are made good then with the consent of the
20 holders of twenty-five percent of the aggregate principal
21 amount of the issue of bonds or notes then outstanding, annul
22 the declaration and its consequences.

23 3. The trustee shall also have all powers necessary or
24 appropriate for the exercise of functions specifically set
25 forth or incident to the general representation of bondholders
26 or noteholders in the enforcement and protection of their
27 rights.

28 4. Before declaring the principal of bonds or notes due
29 and payable, the trustee shall first give thirty days notice
30 in writing to the governor, to the authority and to the
31 attorney general of the state.

32 5. The district court has jurisdiction of any action by
33 the trustee on behalf of bondholders or noteholders. The
34 venue of the action shall be in the county in which the
35 principal office of the authority is located.

1 Sec. 20. NEW SECTION. AGREEMENT OF THE STATE. The state
2 pledges and agrees with the holders of any bonds or notes
3 that the state will not limit or alter the rights vested in
4 the authority to fulfill the terms of agreements made with
5 the holders or in any way to impair the rights and remedies
6 of the holders until the bonds or notes together with the
7 interest on them, plus interest on unpaid installments of
8 interest, and all costs and expenses in connection with an
9 action by or on behalf of the holders are fully met and
10 discharged. The authority may include this pledge and
11 agreement of the state in any agreement with the holders of
12 bonds or notes.

13 Sec. 21. NEW SECTION. BONDS AND NOTES AS LEGAL
14 INVESTMENTS. Bonds and notes are securities in which public
15 officers, state departments and agencies, political
16 subdivisions, insurance companies and other persons carrying
17 on an insurance business, banks, trust companies, savings
18 and loan associations, investment companies and other persons
19 carrying on a banking business, administrators, executors,
20 guardians, conservators, trustees and other fiduciaries and
21 other persons authorized to invest in bonds or other
22 obligations of this state may properly and legally invest
23 funds including capital in their control or belonging to them.
24 The bonds and notes are also securities which may be deposited
25 with and may be received by public officers, state departments
26 and agencies and political subdivisions for any purpose for
27 which the deposit of bonds or other obligations of this state
28 is authorized.

29 Sec. 22. NEW SECTION. MONEYS OF THE AUTHORITY.
30 1. Moneys of the authority, except as otherwise provided
31 in sections one (1) through thirty-two (32) of this Act, shall
32 be paid to the authority and shall be deposited in a bank
33 or other financial institution designated by the authority.
34 The moneys shall be withdrawn on the order of the person
35 authorized by the authority. Deposits shall be secured in

1 the manner determined by the authority. The auditor of state
2 and the auditor's legally authorized representatives may
3 periodically examine the accounts and books of the authority,
4 including its receipts, disbursements, contracts, leases,
5 sinking funds, investments and any other records and papers
6 relating to its financial standing, and the authority shall
7 not be required to pay a fee for the examination.

8 2. The authority may contract with holders of its bonds
9 or notes as to the custody, collection, security, investment
10 and payment of moneys of the authority, of moneys held in
11 trust or otherwise for the payment of bonds or notes and to
12 carry out the contract. Moneys held in trust or otherwise
13 for the payment of bonds or notes or in any way to secure
14 bonds or notes and deposits of the moneys may be secured in
15 the same manner as moneys of the authority and banks and trust
16 companies may give security for the deposits.

17 3. Subject to the provisions of any contract with
18 bondholders or noteholders and to the approval of the state
19 comptroller, the authority shall prescribe a system of
20 accounts.

21 4. The authority shall submit to the governor, the auditor
22 of state and the state comptroller, within thirty days of
23 its receipt, a copy of the report of every external examination
24 of the books and accounts of the authority other than copies
25 of the reports of examinations made by the auditor of state.

26 Sec. 23. NEW SECTION. LIMITATION OF LIABILITY. Members
27 of the authority and persons acting in its behalf, while
28 acting within the scope of their employment or agency, are
29 not subject to personal liability resulting from carrying
30 out the powers and duties given in sections one (1) through
31 thirty-two (32) of this Act.

32 Sec. 24. NEW SECTION. ASSISTANCE BY STATE OFFICERS,
33 AGENCIES AND DEPARTMENTS. State officers and state departments
34 and agencies may render services to the authority within their
35 respective functions as requested by the authority.

1 Sec. 25. NEW SECTION. LIBERAL INTERPRETATION. Sections
2 one (1) through thirty-two (32) of this Act, being necessary
3 for the welfare of this state and its inhabitants, shall be
4 liberally construed to effect its purposes.

5 Sec. 26. NEW SECTION. CONFLICTS OF INTEREST.

6 1. If a member or employee other than the executive
7 director of the authority has an interest, either direct or
8 indirect, in a contract to which the authority is or is to
9 be a party or in a mortgage lender requesting a loan from
10 or offering to sell mortgage loans to the authority, the
11 interest shall be disclosed to the authority in writing and
12 shall be set forth in the minutes of the authority. The
13 member or employee having the interest shall not participate
14 in action by the authority with respect to that contract or
15 mortgage lender.

16 2. This section does not limit the right of a member,
17 officer or employee of the authority to acquire an interest
18 in bonds or notes or to limit the right of a member or employee
19 other than the executive director to have an interest in a
20 bank or other financial institution in which the funds of
21 the authority are deposited or which is acting as trustee
22 or paying agent under a trust indenture to which the authority
23 is a party.

24 3. The executive director shall not have an interest in
25 a bank or other financial institution in which the funds of
26 the authority are deposited or which is acting as trustee
27 or paying agent under a trust indenture to which the authority
28 is a party. The executive director shall not receive, in
29 addition to fixed salary or compensation, any money or valuable
30 thing, either directly or indirectly, or through any
31 substantial interest in any other corporation or business
32 unit, for negotiating, procuring, recommending or aiding in
33 any purchase or sale of property or loan made by the authority,
34 nor shall the executive director be pecuniarily interested,
35 either as principal, co-principal, agent or beneficiary,

1 either directly or indirectly or through any substantial
2 interest in any other corporation or business unit, in any
3 purchase, sale or loan.

4 Sec. 27. NEW SECTION. EXEMPTION FROM COMPETITIVE BID
5 LAWS. The authority and all contracts made by it in carrying
6 out its public and essential governmental functions under
7 sections fourteen (14) and fifteen (15) of this Act, shall
8 be exempt from the laws of the state which provide for
9 competitive bids in connection with such contracts.

10 Sec. 28. NEW SECTION. AGENCY. The authority shall make
11 application to and receive from the secretary of agriculture
12 of the United States, or any other proper federal official,
13 pursuant and subject to the provisions of Pub. L. No. 499,
14 64 Stat. 152 (1950), (formerly codified 40 U.S.C. 440 et
15 seq. (1976)) all of the trust assets held by the United States
16 in trust for the Iowa rural rehabilitation corporation now
17 dissolved.

18 Sec. 29. NEW SECTION. AGREEMENTS. The authority may
19 enter into agreements with the secretary of agriculture of
20 the United States pursuant to Pub. L. No. 499 s. 2(f) (1950)
21 upon terms and conditions and for periods of time as mutually
22 agreeable, authorizing the authority to accept, administer,
23 expend and use in the state of Iowa all or any part of the
24 trust assets or other funds in the state of Iowa which have
25 been appropriated for use in carrying out the purposes of
26 the Bankhead-Jones Farm Tenant Act and to do any and all
27 things necessary to effectuate and carry out the purposes
28 of said agreements.

29 Sec. 30. NEW SECTION. ASSETS--ACCOUNT. The trust assets
30 received under the application made pursuant to section twenty-
31 eight (28) of this Act other than cash shall be taken on
32 proper transfer or assignment from the department of social
33 services to the authority and administered as provided in
34 sections one (1) through thirty-two (32) of this Act. These
35 funds may be used for any of the purposes of sections one

1 (1) through thirty-two (32) of this Act, including but not
2 limited to costs of administration and insuring or guaranteeing
3 payment of all or a portion of loans made pursuant to sections
4 one (1) through thirty-two (32) of this Act.

5 Sec. 31. NEW SECTION. PROGRAMS IN PROGRESS. The authority
6 shall complete the administration of programs in progress
7 on the effective date of this Act to the extent that funds
8 were committed, obligations incurred or rights accrued prior
9 to the effective date of this Act under the programs authorized
10 under sections two hundred thirty-four point fifteen (234.15)
11 through two hundred thirty-four point twenty (234.20) of the
12 Code prior to the repeal of those sections by this Act.
13 Moneys received under this section shall be deposited to the
14 authority.

15 Sec. 32. NEW SECTION. LIABILITY. The United States,
16 the authority and the secretary of agriculture of the United
17 States shall be held free from liability by virtue of the
18 transfer of the assets to the authority. The authority and
19 persons acting in its behalf, while acting within the scope
20 of their employment or agency, are not subject to personal
21 liability resulting from carrying out their powers and duties
22 under sections one (1) through thirty-two (32) of this Act.

23 Sec. 33. Section two hundred twenty point ten (220.10),
24 subsection one (1), Code 1979, is amended to read as follows:

25 1. All moneys declared by the authority to be surplus
26 moneys which are not required to service bonds and notes
27 issued by the authority, to pay administrative expenses of
28 the authority, or to accumulate necessary operating or loss
29 reserves, shall be used by the authority to pay administrative
30 expenses of or provide loans to the Iowa family farm
31 development authority in connection with the programs
32 authorized in the Iowa family farm development Act or to
33 provide grants, subsidies, and services to lower income
34 families and very low income families through any of the
35 programs authorized in this chapter.

1 Sec. 34. Section two hundred twenty point eleven (220.11),
2 Code 1979, is amended to read as follows:

3 220.11 COMBINATION PROGRAMS. Any programs authorized
4 in this chapter may be combined with any other programs
5 authorized in this chapter or in the Iowa family farm
6 development Act in order to facilitate as far as practicable
7 the provision of adequate housing to low and moderate income
8 families.

9 Sec. 35. TRANSFER OF EXISTING ASSETS AND LIABILITIES.
10 The trust assets and liabilities of the former Iowa rural
11 rehabilitation corporation under the jurisdiction of the
12 department of social services shall be transferred to the
13 jurisdiction of the authority on the effective date of this
14 Act. The authority shall be the successor in interest to
15 the agreements in effect between the United States government
16 and the department of social services on behalf of the state
17 of Iowa on the effective date of this Act.

18 Sec. 36. Sections two hundred thirty-four point fifteen
19 (234.15), through two hundred thirty-four point twenty
20 (234.20), Code 1979, are repealed.

21 EXPLANATION

22 The bill creates the Iowa family farm development authority
23 patterned after the Iowa housing finance authority. This
24 authority is created to aid beginning farmers to obtain
25 financing either from the authority or from a mortgage lender
26 who receives the funds to make the loan by borrowing from
27 the authority. In order to make these funds available, the
28 authority has powers to issue up to \$100,000,000 in bonds.
29 These bonds will not be debts or obligations of the state
30 or any political subdivision but will be repaid by the
31 authority from the revenues it receives from the repayment
32 of the loans which the authority makes to beginning farmers
33 or mortgage lenders. The authority also can purchase mortgage
34 loans from mortgage lenders if those loans were made to
35 beginning farmers and the amounts received by the mortgage

1 lenders are used to make loans to different beginning farmers.
2 A beginning farmer is an individual with a net worth of
3 \$100,000 or less, which figure can be adjusted by the
4 authority, who is presently engaged or wishes to engage in
5 farming. Loans made to a beginning farmer can be used for
6 the purchase of agricultural land and agricultural
7 improvements.

8 The bill patterns the authorization to make loans, purchase
9 them, issue bonds, provide for security for the repayment
10 of the bonds and other necessary powers and duties after
11 provisions in chapter 220 dealing with the Iowa housing finance
12 authority.

13 The bill also provides for the transfer of trust assets
14 and liabilities of the former Iowa rural rehabilitation
15 corporation under the jurisdiction of the department of social
16 services to the authority and provides that the authority
17 is to administer all Bankhead-Jones Farm Tenant Act funds.

18 The bill takes effect July first following its enactment.

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SENATE CLIP SHEET

FEBRUARY 28, 1980

SENATE FILE 2243

S-5219

1 Amend Senate File 2243 as follows:

2 1. Page 11, line 13, by striking the word "may"
3 and inserting in lieu thereof the word "shall".

4 2. Page 11, line 15, by striking the word "may"
5 and inserting in lieu thereof the word "shall".

6 3. Page 11, line 18, by striking the word "may"
7 and inserting in lieu thereof the word "shall".

A 8 4. Page 11, line 20, by striking the word "may"
9 and inserting in lieu thereof the word "shall".

10 5. Page 12, line 8, by striking the word "may"
11 and inserting in lieu thereof the word "shall".

B 12 6. Page 13, line 17, by striking the word "may"
13 and inserting in lieu thereof the word "shall".

14 7. Page 14, line 13, by striking the word "may"
15 and inserting in lieu thereof the word "shall".

C 16 8. Page 14, by striking lines 16 through 24 and
17 inserting in lieu thereof the words "and designated
18 by the authority as custodian. The authority may
19 also".

H 20 9. Page 14, line 34, by striking the word "may"
21 and inserting in lieu thereof the word "shall".

B 22 10. Page 16, line 6, by striking the word "may"
23 and inserting in lieu thereof the word "shall".

24 11. Page 26, by striking lines 1 and 2 and
25 inserting in lieu thereof the words "the manner
26 determined by the authority. The authority shall
27 provide for an independent firm of certified public
D 28 accountants to".

29 12. Page 26, by striking lines 6 and 7 and
30 inserting in lieu thereof the words "relating to its
31 financial standing."

32 13. Page 26, line 14, by striking the word "may"
E 33 and inserting in lieu thereof the word "shall".

34 14. Page 26, line 16, by striking the word "may"
35 and inserting in lieu thereof the word "shall".

E36 15. Page 26, by striking lines 32 through 35.

G 37 16. By renumbering and correcting internal
38 references as are necessary.

S-5219 FILED

BY EDGAR H. HOLDEN

FEBRUARY 27, 1980

DIVISIONS A, B, D, F, LOST (pp 594-596)

DIVISIONS C, E, G, H - WITHDRAWN (pp 594-596)

Agriculture: Anderson of Audubon, Chair; De Groot, Husak, Bennett and Hinkhouse.

SENATE FILE 2243

*Amended per 5577 & 5578 S.D. Pass 3/19 (p. 1018)
Referred House 4/24 Amended per 5578
S.D. Pass 3/25 (p. 1159)*

By COMMITTEE ON AGRICULTURE

(AS AMENDED AND PASSED BY THE SENATE FEBRUARY 27, 1980)

Passed Senate, Date Jan Below Passed House, Date 3/27/80 (p. 1204)
Vote: Ayes _____ Nays _____ Vote: Ayes 85 Nays 9
Approved May 23, 1980

A BILL FOR

1 An Act establishing the Iowa family farm development authority,
2 authorizing the issuance of bonds, prescribing its powers
3 and duties and providing for its administration of the
4 Bankhead-Jones Farm Tenant Act funds.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6 *Conference Committee Appointed*
7 *Representatives: Anderson of Audubon, chair; Bennett, De Groot; Husak,*
8 *Hinkhouse 4/10 (p. 1295)*
9 *Senators: Van Sledre, chair; Bergman; Linder; Heister; Hutchens 4/11 (p. 1400)*

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_____ = New Language
by the Senate

Passed per Conference Committee Report
Senate 4/26/80 (p. 1320) House 4/26/80 (p. 2233)
47-0 86-11

1 Section 1. NEW SECTION. SHORT TITLE. This Act shall
2 be called and may be cited as the "Iowa Family Farm Development
3 Act".

4 Sec. 2. NEW SECTION. DEFINITIONS. As used in sections
5 one (1) through thirty-two (32) of this Act, unless the context
6 otherwise requires:

7 1. "Agricultural land" means land suitable for use in
8 farming.

9 2. "Agricultural improvements" means any improvements,
10 buildings, structures or fixtures suitable for use in farming
11 which are located on agricultural land. "Agricultural
12 improvements" includes a single-family dwelling located on
13 agricultural land and structures attached to or incidental
14 to the use of the dwelling.

15 3. "Authority" means the Iowa family farm development
16 authority established in section three (3) of this Act.

17 4. "Bankhead-Jones Farm Tenant Act" means the Act cited
18 as 50 Stat. 522(1937), formerly codified as 7 U.S.C. s. 1000
19 et seq., repealed by Pub. L. No. 87-128 (1961).

20 5. "Beginning farmer" means an individual with a low or
21 moderate net worth who engages in farming or wishes to engage
22 in farming.

23 6. "Bonds" means bonds issued by the authority pursuant
24 to sections one (1) through thirty-two (32) of this Act.

25 7. "Farming" means farming as defined in section one
26 hundred seventy-two C point one (172C.1), subsection six (6),
27 of the Code.

28 8. "Low or moderate net worth" means an aggregate net
29 worth of an individual and the individual's spouse and
30 children, if any, of less than one hundred thousand dollars.

31 9. "Mortgage" means a mortgage, mortgage deed, deed of
32 trust, or other instrument creating a first lien, subject
33 only to title exceptions and encumbrances acceptable to the
34 authority, including any other mortgage liens of equal standing
35 with or subordinate to the mortgage loan retained by a seller

1 or conveyed to a mortgage lender, on a fee interest in
2 agricultural land and agricultural improvements.

3 10. "Mortgage lender" means a bank, trust company, mortgage
4 company, national banking association, savings and loan
5 association, life insurance company, any state or federal
6 governmental agency of instrumentality, including without
7 limitation the federal land bank or any of its local
8 associations, or any other financial institution or entity
9 authorized to make mortgage loans in this state.

10 11. "Mortgage loan" means a financial obligation secured
11 by a mortgage.

12 12. "Net worth" means total assets minus total liabilities
13 as determined in accordance with generally accepted accounting
14 principles with appropriate exceptions and exemptions
15 reasonably related to an equitable determination of the
16 family's net worth.

17 13. "Note" means a bond anticipation note issued by the
18 authority pursuant to sections one (1) through thirty-two
19 (32) of this Act.

20 14. "State agency" means any board, commission, department,
21 public officer, or other agency or authority of the state
22 of Iowa.

23 The authority may establish by rule further definitions
24 applicable to sections one (1) through thirty-two (32) of
25 this Act and clarification of the definitions in this section,
26 as necessary to assure eligibility for funds, insurance or
27 guarantees available under federal laws and to carry out the
28 public purposes of sections one (1) through thirty-two (32)
29 of this Act.

30 Sec. 3. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

31 1. The Iowa family farm development authority is
32 established, and constituted a public instrumentality and
33 agency of the state exercising public and essential
34 governmental functions. The authority is established to
35 undertake programs which assist beginning farmers in purchasing

1 agricultural land and agricultural improvements for the purpose
2 of farming. The powers of the authority shall be vested in
3 and exercised by a board of nine members appointed by the
4 governor with the approval of two-thirds of the members of
5 the senate. No more than five members shall belong to the
6 same political party. As far as possible the governor shall
7 include within the membership persons who represent financial
8 institutions experienced in agricultural lending, the real
9 estate sales industry, farmers, beginning farmers, average
10 taxpayers, local government, and any other person specially
11 interested in family farm development.

12 2. Members of the authority shall be appointed by the
13 governor for terms of six years except that, of the first
14 appointments, three members shall be appointed for terms of
15 two years and three members shall be appointed for a term
16 of four years. A person appointed to fill a vacancy shall
17 serve only for the unexpired portion of the term. A member
18 is eligible for reappointment. A member of the authority
19 may be removed from office by the governor for misfeasance,
20 malfeasance or willful neglect of duty or other just cause,
21 after notice and hearing, unless the notice and hearing is
22 expressly waived in writing. A member of the authority may
23 also serve as a member of the Iowa housing finance authority.

24 3. Five members of the authority constitute a quorum and
25 the affirmative vote of a majority of the members is necessary
26 for any substantive action taken by the authority. The
27 majority shall not include any member who has a conflict of
28 interest and a statement by a member of a conflict of interest
29 shall be conclusive for this purpose. A vacancy in the
30 membership does not impair the right of a quorum to exercise
31 all rights and perform all duties of the authority.

32 4. Members of the authority are entitled to receive forty
33 dollars per diem for each day spent in performance of duties
34 as members, and shall be reimbursed for all actual and
35 necessary expenses incurred in the performance of duties as

1 members.

2 5. Members of the authority and the executive director
3 shall give bond as required for public officers in chapter
4 sixty-four (64) of the Code.

5 6. Meetings of the authority shall be held at the call
6 of the chairperson or whenever two members so request.

7 7. Members shall elect a chairperson and vice chairperson
8 annually, and other officers as they determine, but the
9 executive director shall serve as secretary to the authority.

10 8. The net earnings of the authority, beyond that necessary
11 for retirement of its notes, bonds or other obligations or
12 to implement the public purposes and programs authorized,
13 shall not inure to the benefit of any person other than the
14 state. Upon termination of the existence of the authority,
15 title to all property owned by the authority including any
16 net earnings shall vest in the state.

17 Sec. 4. NEW SECTION. LEGISLATIVE FINDINGS. The general
18 assembly finds and declares as follows:

19 1. The establishment of the authority is in all respects
20 for the benefit of the people of the state of Iowa, for the
21 improvement of their health and welfare and for the promotion
22 of the economy, which are public purposes.

23 2. The authority will be performing an essential
24 governmental function in the exercise of the powers and duties
25 conferred upon it by sections one (1) through thirty-two (32)
26 of this Act.

27 3. There exists a serious problem in this state regarding
28 the ability of nonestablished farmers to acquire agricultural
29 land and agricultural improvements in order to enter farming.

30 4. This barrier to entry into farming is conducive to
31 consolidation of acreage of agricultural land with fewer
32 individuals resulting in a grave threat to the traditional
33 family farm.

34 5. These conditions result in a loss in population,
35 unemployment and a movement of persons from rural communities

1 to urban areas accompanied by added costs to communities for
2 creation of new public facilities and services.

3 6. One major cause of this condition has been recurrent
4 shortages of funds in private channels and the high interest
5 cost of borrowing.

6 7. These shortages and costs have made the sale and
7 purchase of agricultural land to beginning farmers a virtual
8 impossibility in many parts of the state.

9 8. The ordinary operations of private enterprise have
10 not in the past corrected these conditions.

11 9. A stable supply of adequate funds for agricultural
12 financing is required to encourage beginning farmers in an
13 orderly and sustained manner and to reduce the problems
14 described in this section.

15 10. Article nine (IX), section three (3), of the
16 Constitution of the State of Iowa requires that, "The General
17 Assembly shall encourage, by all suitable means, the promotion
18 of intellectual, scientific, moral, and agricultural
19 improvement," and agricultural improvement and the public
20 good are served by a policy of facilitating access to capital
21 by beginning farmers unable to obtain capital elsewhere in
22 order to preserve, encourage and protect the family farm which
23 has been the economic, political and social backbone of rural
24 Iowa.

25 11. It is necessary to create a state family farm
26 development authority to encourage ownership of farms by
27 beginning farmers by providing purchase money loans to
28 beginning farmers who are not able to obtain adequate capital
29 elsewhere to provide such funds and to lower costs through
30 the use of public financing.

31 12. All of the purposes stated in this section are public
32 purposes and uses for which public moneys may be borrowed,
33 expended, advanced, loaned or granted.

34 Sec. 5. NEW SECTION. GUIDING PRINCIPLES. In the
35 performance of its duties, implementation of its powers,

1 selection of specific programs and projects to receive its
2 assistance, the authority shall be guided by the following
3 principles:

4 1. The authority shall not become an owner of real
5 property, except on a temporary basis where necessary in order
6 to implement its programs, to protect its investments by means
7 of foreclosure or other means, or to facilitate transfer of
8 real property for the use of beginning farmers.

9 2. The authority shall exercise diligence and care in
10 selection of projects to receive its assistance and shall
11 apply customary and acceptable business and lending standards
12 in selection and subsequent implementation of the projects.
13 The authority may delegate primary responsibility for
14 determination and implementation of the projects to any federal
15 governmental agency which assumes any obligation to repay
16 the loan, either directly or by insurance or guarantee.

17 3. The authority shall establish a beginning farmer loan
18 program to aid beginning farmers in the acquisition of
19 agricultural land.

20 Sec. 6. NEW SECTION. GENERAL POWERS. The authority has
21 all of the general powers needed to carry out its purposes
22 and duties, and to exercise its specific powers, including
23 but not limited to the power to:

24 1. Issue its negotiable bonds and notes as provided in
25 sections one (1) through thirty-two (32) of this Act in order
26 to finance its programs.

27 2. Sue and be sued in its own name.

28 3. Have and alter a corporate seal.

29 4. Make and alter bylaws for its management consistent
30 with the provisions of sections one (1) through thirty-two
31 (32) of this Act.

32 5. Make and execute agreements, contracts and other
33 instruments, with any public or private entity, including
34 but not limited to, any federal governmental agency or
35 instrumentality. The authority may make and execute contracts

1 with any firm of independent certified public accountants
2 to prepare an annual report on behalf of the authority. The
3 authority may make and execute contracts with mortgage lenders
4 for the servicing of mortgage loans. All political
5 subdivisions, other public agencies and state agencies may
6 enter into contracts and otherwise cooperate with the
7 authority.

8 6. Acquire, hold, improve, mortgage, lease and dispose
9 of real and personal property, including but not limited to,
10 the power to sell at public or private sale, with or without
11 public bidding, any property, mortgage loan or other obligation
12 held by it.

13 7. Procure insurance against any loss in connection with
14 its operations and property interests, including pool insurance
15 on any group of mortgage loans.

16 8. Fix and collect fees and charges for its services.

17 9. Subject to any agreement with bondholders or
18 noteholders, invest or deposit moneys of the authority in
19 any manner determined by the authority, notwithstanding the
20 provisions of chapters four hundred fifty-two (452), four
21 hundred fifty-three (453) or four hundred fifty-four (454)
22 of the Code.

23 10. Accept appropriations, gifts, grants, loans, or other
24 aid from public or private entities. A record of all gifts
25 or grants, stating the type, amount and donor, shall be clearly
26 set out in the authority's annual report along with the record
27 of other receipts.

28 11. Provide to public and private entities technical
29 assistance and counseling related to the authority's purposes.

30 12. In cooperation with other local, state or federal
31 governmental agencies or instrumentalities, conduct studies
32 of beginning farmer agricultural needs, and gather and compile
33 data useful to facilitate decision making.

34 13. Contract with architects, engineers, attorneys,
35 accountants, housing construction and finance experts, and

1 other advisors or enter into contracts or agreements for such
2 services with local, state or federal governmental agencies.

3 14. Make, alter and repeal rules consistent with the
4 provisions of sections one (1) through thirty-two (32) of
5 this Act, and subject to chapter seventeen A (17A) of the
6 Code.

7 Sec. 7. NEW SECTION. STAFF.

8 1. The executive director and staff of the Iowa housing
9 finance authority shall also serve as executive director and
10 staff of the authority, respectively. The executive director
11 shall not, directly or indirectly, exert influence to induce
12 any other officers or employees of the state to adopt a
13 political view, or to favor a political candidate for office.

14 2. The executive director shall advise the authority on
15 matters relating to agricultural land and agricultural finance,
16 and carry out all directives from the authority, and may hire
17 and supervise additional staff pursuant to its directions
18 and under the provisions of chapter nineteen A (19A), of the
19 Code, except that principal administrative assistants with
20 responsibilities in beginning farm loan programs, accounting,
21 mortgage loan processing, and investment portfolio management
22 are exempt from that chapter.

23 3. The executive director, as secretary of the authority,
24 shall be custodian of all books, documents and papers filed
25 with the authority and of its minute book and seal. The
26 executive director may cause to be made copies of all minutes
27 and other records and documents of the authority and give
28 certificates under the seal of the authority to the effect
29 that the copies are true copies and all persons dealing with
30 the authority may rely upon the certificates.

31 Sec. 8. NEW SECTION. ANNUAL REPORT.

32 1. The authority shall submit to the governor and to the
33 general assembly, not later than January fifteenth of each
34 year, a complete report setting forth:

35 a. Its operations and accomplishments.

1 b. Its receipts and expenditures during the fiscal year,
2 in accordance with the classifications it establishes for
3 its operating and capital accounts.

4 c. Its assets and liabilities at the end of its fiscal
5 year and the status of reserve, special and other funds.

6 d. A schedule of its bonds and notes outstanding at the
7 end of its fiscal year, together with a statement of the
8 amounts redeemed and issued during its fiscal year.

9 e. A statement of its proposed and projected activities.

10 f. Recommendations to the general assembly, as it deems
11 necessary.

12 g. An analysis of beginning farmer needs in the state.

13 2. The annual report shall identify performance goals
14 of the authority, and clearly indicate the extent of progress
15 during the reporting period, in attaining the goals. Where
16 possible, results shall be expressed in terms of number of
17 loans and acres of agricultural land.

18 Sec. 9. NEW SECTION. NONDISCRIMINATION.

19 1. The opportunity to acquire agricultural land and
20 agricultural improvements financed or otherwise assisted by
21 the authority, directly or indirectly, is open to all persons
22 regardless of race, creed, color, sex, national origin, age,
23 physical or mental impairment, or religion.

24 2. The authority shall promote marketing plans for its
25 programs under sections one (1) through thirty-two (32) of
26 this Act.

27 Sec. 10. NEW SECTION. SURPLUS MONEYS. Moneys declared
28 by the authority to be surplus moneys which are not required
29 to service bonds and notes, to pay administrative expenses
30 of the authority or to accumulate necessary operating or loss
31 reserves, shall be used by the authority to provide loans,
32 grants, subsidies, and services to beginning farmers through
33 any of the programs authorized in sections one (1) through
34 thirty-two (32) of this Act.

35 Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Programs

1 authorized in sections one (1) through thirty-two (32) of
2 this Act may be combined with any other programs authorized
3 in sections one (1) through thirty-two (32) of this Act, under
4 chapter two hundred twenty (220) of the Code or under a federal
5 program in order to facilitate as far as practicable the
6 acquisition of agricultural land by beginning farmers.

7 Sec. 12. NEW SECTION. BEGINNING FARMER PROGRAM.

8 1. The authority shall develop a beginning farmer loan
9 program to facilitate the acquisition of agricultural land
10 by beginning farmers. The authority shall exercise the powers
11 granted to it in sections one (1) through thirty-two (32)
12 of this Act in order to fulfill the goal of providing financial
13 assistance to beginning farmers in the acquisition of
14 agricultural land and agricultural improvements. The authority
15 may participate in and cooperate with programs of the farmers
16 home administration, federal land bank or any other agency
17 or instrumentality of the federal government or with any
18 program of any other state agency in the administration of
19 the beginning farmer loan program and in the making or
20 purchasing of mortgage loans pursuant to sections one (1)
21 through thirty-two (32) of this Act.

22 2. The authority may participate in any federal programs
23 designed to assist beginning farmers or in any related federal
24 or state programs.

25 3. The authority shall provide in a beginning farmer loan
26 program that a mortgage loan to or on behalf of a beginning
27 farmer shall be provided only if the following criteria are
28 satisfied:

29 a. The beginning farmer is a resident of the state.

30 b. The agricultural land and agricultural improvements
31 the beginning farmer proposes to purchase are in the state.

32 c. The beginning farmer has sufficient education, training,
33 or experience in the type of farming for which the beginning
34 farmer requests the mortgage loan.

35 d. The authority is financing the acquisition by that

1 beginning farmer of agricultural land totaling no more than
2 six hundred thousand (600,000) dollars in value.

3 e. The beginning farmer has access to adequate working
4 capital, farm equipment, machinery or livestock.

5 f. The authority determines that the beginning farmer
6 is unable to secure financing from conventional sources upon
7 terms and conditions which the beginning farmer reasonably
8 could be expected to fulfill.

9 g. The agricultural land and agricultural improvements
10 shall only be used for farming by the beginning farmer or
11 his or her family.

12 h. Other criteria as the authority prescribes by rule.

13 4. The authority may provide in a mortgage loan made or
14 purchased pursuant to sections one (1) through thirty-two
15 (32) of this Act that the loan may not be assumed or any
16 interest in the agricultural land or improvements leased, sold
17 or otherwise conveyed without its prior written consent and
18 may provide a due-on-sale clause with respect to the occurrence
19 of any of the foregoing events without its prior written
20 consent. The authority may provide by rule the grounds for
21 permitted assumptions of a mortgage or for the leasing, sale
22 or other conveyance of any interest in the agricultural land
23 or improvements. This provision controls with respect to
24 a mortgage loan made or purchased pursuant to sections one
25 (1) through thirty-two (32) of this Act notwithstanding the
26 provisions of chapter five hundred thirty-five (535) of the
27 Code.

28 5. The authority may participate in any interest in any
29 mortgage loan made or purchased pursuant to sections one (1)
30 through thirty-two (32) of this Act with a mortgage lender.
31 The participation interest may be on a parity with the interest
32 in the mortgage loan retained by the authority, equally and
33 ratably secured by the mortgage securing the mortgage loan.

34 Sec. 13. NEW SECTION. MORTGAGE LOANS TO BEGINNING FARMERS.

35 1. The authority may make mortgage loans, including but

1 not limited to mortgage loans insured, guaranteed, or otherwise
2 secured by the federal government or a federal governmental
3 agency or instrumentality, a state agency or private mortgage
4 insurers, to beginning farmers to provide financing for
5 agricultural land and agricultural improvements.

6 2. Mortgage loans shall contain terms and provisions,
7 including interest rates, and be in a form established by
8 rules of the authority. The authority may require the
9 beginning farmer to execute a note, loan agreement or other
10 evidence of indebtedness and furnish additional assurances
11 and guarantees, including insurance, reasonably related to
12 protecting the security of the mortgage loan, as the authority
13 deems necessary.

14 Sec. 14. NEW SECTION. LOANS TO MORTGAGE LENDERS.

15 1. The authority may make and contract to make loans to
16 mortgage lenders on terms and conditions it determines are
17 reasonably related to protecting the security of the
18 authority's investment and to implementing the purposes of
19 sections one (1) through thirty-two (32) of this Act. Mortgage
20 lenders are authorized to borrow from the authority in
21 accordance with the provisions of this section and the rules
22 of the authority.

23 2. The authority shall require as a condition of each
24 loan to a mortgage lender that the mortgage lender, within
25 a reasonable period after receipt of the loan proceeds as
26 the authority prescribes by rule, shall have entered into
27 written commitments to make and, within a reasonable period
28 thereafter as the authority prescribes by rule, shall have
29 disbursed the loan proceeds in new mortgage loans to beginning
30 farmers in an aggregate principal amount of not less than
31 the amount of the loan. New mortgage loans shall have terms
32 and conditions as the authority prescribes by rules which
33 are reasonably related to implementing the purposes of sections
34 one (1) through thirty-two (32) of this Act.

35 3. The authority shall require the submission to it by

1 each mortgage lender to which the authority has made a loan,
2 of evidence satisfactory to the authority of the making of
3 new mortgage loans to beginning farmers as required by this
4 section and in that connection may, through its members,
5 employees or agents, inspect the books and records of a
6 mortgage lender.

7 4. Compliance by a mortgage lender with the terms of its
8 agreement with the authority with respect to the making of
9 new mortgage loans to beginning farmers may be enforced by
10 decree of any district court of this state. The authority
11 may require as a condition of a loan to a national banking
12 association or a federally chartered savings and loan
13 association, the consent of the association to the jurisdiction
14 of courts of this state over any enforcement proceeding.
15 The authority may also require, as a condition of a loan to
16 a mortgage lender, agreement by the mortgage lender to the
17 payment of penalties to the authority for violation by the
18 mortgage lender of its agreement with the authority, and the
19 penalties shall be recoverable at the suit of the authority.

20 5. The authority shall require that each mortgage lender
21 receiving a loan pursuant to this section shall issue and
22 deliver to the authority evidence of its indebtedness to the
23 authority which shall constitute a general obligation of the
24 mortgage lender and shall bear a date, mature at a time, be
25 subject to prepayment and contain other provisions consistent
26 with this section and reasonably related to protecting the
27 security of the authority's investment, as the authority
28 determines.

29 6. Notwithstanding any other provision of this section,
30 the interest rate and other terms of loans to mortgage lenders
31 made from the proceeds of an issue of bonds or notes of the
32 authority shall be at least sufficient to assure the payment
33 of the bonds or notes and the interest on them as they become
34 due.

35 7. The authority may require that loans to mortgage lenders

1 are additionally secured as to payment of both principal and
2 interest by a pledge of and lien upon collateral security
3 by special escrow funds or other forms of guarantee and in
4 amounts and forms as the authority by resolution determines
5 to be necessary to assure the payment of the loans and the
6 interest as they become due. Collateral security shall consist
7 of direct obligations of or obligations guaranteed by the
8 United States or one of its agencies, obligations satisfactory
9 to the authority which are issued by other federal agencies,
10 direct obligations of or obligations guaranteed by a state
11 or a political subdivision of a state or investment quality
12 obligations approved by the authority.

13 8. The authority may require that collateral for loans
14 be deposited with a bank, trust company or other financial
15 institution acceptable to the authority located in this state
16 and designated by the authority as custodian. In the absence
17 of that requirement, each mortgage lender shall enter into
18 an agreement with the authority containing provisions the
19 authority deems necessary to adequately identify and maintain
20 the collateral, service the collateral and require the mortgage
21 lender to hold the collateral as an agent for the authority
22 and be accountable to the authority as the trustee of an
23 express trust for the application and disposition of the
24 collateral and the income from it. The authority may also
25 establish additional requirements it deems necessary with
26 respect to the pledging, assigning, setting aside or holding
27 of collateral and the making of substitutions for it or
28 additions to it and the disposition of income and receipts
29 from it.

30 9. The authority may require as a condition of loans to
31 mortgage lenders any representations and warranties it
32 determines are necessary to secure the loans and carry out
33 the purposes of this section.

34 10. The authority may require the beginning farmer to
35 satisfy conditions and requirements normally imposed by mortgage

1 lenders in making similar loans, including but not limited
2 to, the purchase of capital stock in the federal land bank.
3 11. If a provision of this section is inconsistent with
4 a provision of law of this state governing mortgage lenders,
5 the provision of this section controls for the purposes of
6 this section.

7 Sec. 15. NEW SECTION. PURCHASE OF MORTGAGE LOANS.

8 1. The authority may purchase and make advance commitments
9 to purchase mortgage loans from mortgage lenders at prices
10 and upon terms and conditions as it determines. However,
11 the total purchase price for all mortgage loans which the
12 authority commits to purchase from a mortgage lender at any
13 one time shall not exceed the total of the unpaid principal
14 balances of the mortgage loans purchased. Mortgage lenders
15 are authorized to sell mortgage loans to the authority in
16 accordance with the provisions of this section and the rules
17 of the authority.

18 2. The authority shall require as a condition of purchase
19 of mortgage loans from mortgage lenders that the mortgage
20 lenders certify that the mortgage loans purchased are loans
21 made to beginning farmers. Mortgage loans to be made by
22 mortgage lenders shall have terms and conditions as the
23 authority prescribes by rule. The authority may make a
24 commitment to purchase mortgage loans from mortgage lenders
25 in advance of the time the loans are made by mortgage lenders.
26 The authority shall require as a condition of a commitment
27 that mortgage lenders certify in writing that all mortgage
28 loans represented by the commitment will be made to beginning
29 farmers and that the mortgage lender will comply with other
30 authority specifications.

31 3. The authority shall require the submission to it by
32 each mortgage lender from which the authority has purchased
33 mortgages of evidence satisfactory to the authority of the
34 making of mortgage loans to beginning farmers as required
35 by this section and in that connection may, through its

1 members, employees or agents, inspect the books and records
2 of a mortgage lender.

3 4. Compliance by a mortgage lender with the terms of its
4 agreement with the authority with respect to the making of
5 mortgage loans to beginning farmers may be enforced by decree
6 of any district court of this state. The authority may require
7 as a condition of purchase of mortgage loans from any national
8 banking association or federally chartered savings and loan
9 association the consent of the association to the jurisdiction
10 of courts of this state over any enforcement proceeding.
11 The authority may also require as a condition of the purchase
12 of mortgage loans from a mortgage lender agreement by the
13 mortgage lender to the payment of penalties to the authority
14 for violation by the mortgage lender of its agreement with
15 the authority and the penalties shall be recoverable at the
16 suit of the authority.

17 5. The authority may require as a condition of purchase
18 of a mortgage loan from a mortgage lender that the mortgage
19 lender make representations and warranties the authority
20 requires. A mortgage lender is liable to the authority for
21 damages suffered by the authority by reason of the untruth
22 of a representation or the breach of a warranty and, in the
23 event that a representation proves to be untrue when made
24 or in the event of a breach of warranty, the mortgage lender
25 shall, at the option of the authority, repurchase the mortgage
26 loan for the original purchase price adjusted for amounts
27 subsequently paid on it, as the authority determines.

28 6. The authority shall require the recording of an
29 assignment of a mortgage loan purchased by it from a mortgage
30 lender and is not required to notify the mortgagor of its
31 purchase of the mortgage loan. The authority is not required
32 to inspect or take possession of the mortgage documents if
33 the mortgage lender from which the mortgage loan is purchased
34 enters into a contract to service the mortgage loan and account
35 to the authority for it.

1 7. If a provision of this section is inconsistent with
2 another provision of law of this state governing mortgage
3 lenders, the provision of this section controls for the
4 purposes of this section.

5 Sec. 16. NEW SECTION. POWERS RELATING TO LOANS. Subject
6 to any agreement with bondholders or noteholders, the authority
7 may renegotiate a mortgage loan or a loan to a mortgage lender
8 in default, waive a default or consent to the modification
9 of the terms of a mortgage loan or a loan to a mortgage lender,
10 forgive or forbear all or part of a mortgage loan or a loan
11 to a mortgage lender and commence, prosecute and enforce a
12 judgment in any action, including but not limited to a
13 foreclosure action, to protect or enforce any right conferred
14 upon it by law, mortgage loan agreement, contract or other
15 agreement and in connection with any action, bid for and
16 purchase the property or acquire or take possession of it,
17 complete, administer, pay the principal of and interest on
18 any obligations incurred in connection with the property and
19 dispose of and otherwise deal with the property in a manner
20 the authority deems advisable to protect its interests.

21 Sec. 17. NEW SECTION. BONDS AND NOTES.

22 1. The authority may issue its negotiable bonds and notes
23 in principal amounts which, in the opinion of the authority,
24 are necessary to provide sufficient funds for achievement
25 of its corporate purposes, the payment of interest on its
26 bonds and notes, the establishment of reserves to secure its
27 bonds and notes and all other expenditures of the authority
28 incident to and necessary or convenient to carry out its
29 purposes and powers. However, the authority may not have
30 a total principal amount of bonds and notes outstanding at
31 any time in excess of one hundred million dollars. The bonds
32 and notes shall be deemed to be investment securities and
33 negotiable instruments within the meaning of and for all
34 purposes of the uniform commercial code.

35 2. Bonds and notes are payable solely and only out of

1 the moneys, assets or revenues of the authority and as provided
2 in the agreement with bondholders or noteholders pledging
3 any particular moneys, assets or revenues. Bonds or notes
4 are not an obligation of this state or any political
5 subdivision of this state other than the authority within
6 the meaning of any constitutional or statutory debt
7 limitations, but are special obligations of the authority
8 payable solely and only from the sources provided in sections
9 one (1) through thirty-two (32) of this Act, and the authority
10 shall not pledge the credit or taxing power of this state
11 or any political subdivision of this state other than the
12 authority or make its debts payable out of any moneys except
13 those of the authority.

14 3. Bonds and notes must be authorized by a resolution
15 of the authority. However, a resolution authorizing the
16 issuance of bonds or notes may delegate to an officer of the
17 authority the power to negotiate and fix the details of an
18 issue of bonds or notes by an appropriate certificate of the
19 authorized officer.

20 4. Bonds shall:

21 a. State the date and series of the issue, be consecutively
22 numbered and state on their face that they are payable both
23 as to principal and interest solely out of the assets of the
24 authority and do not constitute an indebtedness of this state
25 or any political subdivision of this state other than the
26 authority within the meaning of any constitutional or statutory
27 debt limit.

28 b. Be either registered, registered as to principal only,
29 or in coupon form, issued in denominations as the authority
30 prescribes, fully negotiable instruments under the laws of
31 this state, signed on behalf of the authority with the manual
32 or facsimile signature of the chairperson or vice chairperson,
33 attested by the manual or facsimile signature of the secretary,
34 have impressed or imprinted thereon the seal of the authority
35 or a facsimile of it, and the coupons attached shall be signed

1 with the facsimile signature of the chairperson or vice
2 chairperson, be payable as to interest at rates and at times
3 as the authority determines, be payable as to principal at
4 times over a period not to exceed fifty years from the date
5 of issuance, at places and with reserved rights of prior
6 redemption, as the authority prescribes, be sold at prices,
7 at public or private sale, and in a manner as the authority
8 prescribes, and the authority may pay all expenses, premiums
9 and commissions which it deems necessary or advantageous in
10 connection with the issuance and sale, and be issued under
11 and subject to the terms, conditions and covenants providing
12 for the payment of the principal, redemption premiums, if
13 any, interest and other terms, conditions, covenants and
14 protective provisions safeguarding payment, not inconsistent
15 with sections one (1) through thirty-two (32) of this Act,
16 as are found to be necessary by the authority for the most
17 advantageous sale, which may include, but are not limited
18 to, covenants with the holders of the bonds as to those matters
19 set forth in section two hundred twenty point twenty-six
20 (220.26), subsection four (4), paragraph b, of the Code.

21 5. The authority may issue its bonds for the purpose of
22 refunding any bonds or notes of the authority then outstanding,
23 including the payment of any redemption premiums and any
24 interest accrued or to accrue to the date of redemption of
25 the outstanding bonds or notes. Until the proceeds of bonds
26 issued for the purpose of refunding outstanding bonds or notes
27 are applied to the purchase or retirement of outstanding bonds
28 or notes or the redemption of outstanding bonds or notes,
29 the proceeds may be placed in escrow and be invested and
30 reinvested in accordance with the provisions of sections one
31 (1) through thirty-two (32) of this Act. The interest, income
32 and profits earned or realized on an investment may also be
33 applied to the payment of the outstanding bonds or notes to
34 be refunded by purchase, retirement or redemption. After
35 the terms of the escrow have been fully satisfied and carried

1 out, any balance of proceeds and interest earned or realized
2 on the investments may be returned to the authority for use
3 by it in any lawful manner. All refunding bonds shall be
4 issued and secured and subject to the provisions of sections
5 one (1) through thirty-two (32) of this Act in the same manner
6 and to the same extent as other bonds.

7 6. The authority may issue negotiable bond anticipation
8 notes and may renew them from time to time but the maximum
9 maturity of the notes, including renewals, shall not exceed
10 ten years from the date of issue of the original notes. Notes
11 are payable from any available moneys of the authority not
12 otherwise pledged or from the proceeds of the sale of bonds
13 in anticipation of which the notes were issued. Notes may
14 be issued for any corporate purpose of the authority. Notes
15 shall be issued in the same manner as bonds and notes and
16 the resolution authorizing them may contain any provisions,
17 conditions or limitations, not inconsistent with the provisions
18 of this subsection, which the bonds or a bond resolution of
19 the authority may contain. Notes may be sold at public or
20 private sale. In case of default on its notes or violation
21 of any obligations of the authority to the noteholders, the
22 noteholders shall have all the remedies provided in sections
23 one (1) through thirty-two (32) of this Act for bondholders.
24 Notes shall be as fully negotiable as bonds of the authority.

25 7. A copy of each pledge agreement by or to the authority,
26 including without limitation each bond resolution, indenture
27 of trust or similar agreement, or any revisions or supplements
28 to it shall be filed with the secretary of state and no further
29 filing or other action under article nine (9) of the uniform
30 commercial code, or any other law of the state shall be
31 required to perfect the security interest in the collateral
32 or any additions to it or substitutions for it and the lien
33 and trust so created shall be binding from and after the time
34 made against all parties having claims of any kind in tort,
35 contract or otherwise against the pledgor.

1 8. Members of the authority and any person executing its
2 bonds, notes or other obligations are not liable personally
3 on the bonds, notes or other obligations or subject to personal
4 liability or accountability by reason of the issuance of the
5 authority's bonds or notes.

6 Sec. 18. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

7 1. The authority may create and establish one or more
8 special funds, each to be known as a "bond reserve fund" and
9 shall pay into each bond reserve fund any moneys appropriated
10 and made available by the state for the purpose of the fund,
11 any proceeds of sale of notes or bonds to the extent provided
12 in the resolutions of the authority authorizing their issuance
13 and any other moneys which are available to the authority
14 for the purpose of the fund from any other sources. Moneys
15 held in a bond reserve fund, except as otherwise provided
16 in sections one (1) through thirty-two (32) of this Act, shall
17 be used as required solely for the payment of the principal
18 of bonds secured in whole or in part by the fund or of the
19 sinking fund payments with respect to the bonds, the purchase
20 or redemption of the bonds, the payment of interest on the
21 bonds or the payments of any redemption premium required to
22 be paid when the bonds are redeemed prior to maturity.

23 2. Moneys in a bond reserve fund shall not be withdrawn
24 from it in an amount that will reduce the amount of the fund
25 to less than the bond reserve fund requirement established
26 for the fund, as provided in this section, except for the
27 purpose of making payment when due of principal, interest,
28 redemption premiums and the sinking fund payments with respect
29 to the bonds for the payment of which other moneys of the
30 authority are not available. Any income or interest earned
31 by, or incremental to, a bond reserve fund due to the
32 investment of it may be transferred by the authority to other
33 funds or accounts of the authority to the extent the transfer
34 does not reduce the amount of that bond reserve fund below
35 the bond reserve fund requirement for it.

1 3. The authority shall not at any time issue bonds, secured
2 in whole or in part by a bond reserve fund if, upon the
3 issuance of the bonds, the amount in the bond reserve fund
4 will be less than the bond reserve fund requirement for the
5 fund, unless the authority at the time of issuance of the
6 bonds deposits in the fund from the proceeds of the bonds
7 issued or from other sources an amount which, together with
8 the amount then in the fund will not be less than the bond
9 reserve fund requirement for the fund. For the purposes of
10 this section, the term "bond reserve fund requirement" means,
11 as of any particular date of computation, an amount of money,
12 as provided in the resolutions of the authority authorizing
13 the bonds with respect to which the fund is established, equal
14 to not more than ten percent of the outstanding principal
15 amount of bonds secured by the fund.

16 4. To assure the continued operation and solvency of the
17 authority for the carrying out of its corporate purposes,
18 provision is made in subsection one (1) of this section for
19 the accumulation in each bond reserve fund of an amount equal
20 to the bond reserve fund requirement for the fund. In order
21 further to assure maintenance of the bond reserve funds, the
22 chairperson of the authority shall, on or before July first
23 of each calendar year, make and deliver to the governor a
24 certificate stating the sum, if any, required to restore each
25 bond reserve fund to its bond reserve fund requirement.
26 Within thirty days after the beginning of the session of the
27 general assembly next following the delivery of the
28 certificate, the governor may submit to both houses printed
29 copies of a budget including any sum required to restore each
30 bond reserve fund to its bond reserve fund requirement. Sums
31 appropriated by the general assembly and paid to the authority
32 pursuant to this section shall be deposited by the authority
33 in the applicable bond reserve fund.

34 5. Amounts paid over to the authority by the state pursuant
35 to the provisions of this section shall constitute and be

1 accounted for as advances by the state to the authority and,
2 subject to the rights of the holders of any bonds or notes
3 of the authority, shall be repaid to the state without interest
4 from all available operating revenues of the authority in
5 excess of amounts required for the payment of bonds, notes
6 or obligations of the authority, the bond reserve fund and
7 operating expenses.

8 6. The authority shall cause to be delivered to the
9 legislative fiscal committee within ninety days of the close
10 of its fiscal year its annual report certified by an
11 independent certified public accountant, who may be the
12 accountant or a member of the firm of accountants who regularly
13 audits the books and accounts of the authority selected by
14 the authority. In the event that the principal amount of
15 any bonds or notes deposited in a bond reserve fund is
16 withdrawn for payment of principal or interest thereby reducing
17 the amount of that fund to less than the bond reserve fund
18 requirement, the authority shall immediately notify the general
19 assembly of this event and shall take steps to restore the
20 fund to its bond reserve fund requirement from any amounts
21 available, other than principal of a bond issue, which are
22 not pledged to the payment of other bonds or notes.

23 Sec. 19. NEW SECTION. REMEDIES OF BONDHOLDERS AND
24 NOTEHOLDERS.

25 1. If the authority defaults in the payment of principal
26 or interest on an issue of bonds or notes at maturity or upon
27 call for redemption and the default continues for a period
28 of thirty days or if the authority fails or refuses to comply
29 with the provisions of sections one (1) through thirty-two
30 (32) of this Act, or defaults in an agreement made with the
31 holders of an issue of bonds or notes, the holders of twenty-
32 five percent in aggregate principal amount of bonds or notes
33 of the issue then outstanding, by instrument filed in the
34 office of the clerk of the county in which the principal
35 office of the authority is located and proved or acknowledged

1 in the same manner as a deed to be recorded, may appoint a
2 trustee to represent the holders of the bonds or notes for
3 the purposes provided in this section.

4 2. The authority or any trustee appointed under the
5 indenture under which the bonds are issued may, but upon
6 written request of the holders of twenty-five percent in
7 aggregate principal amount of the issue of bonds or notes
8 then outstanding shall:

9 a. Enforce all rights of the bondholders or noteholders
10 including the right to require the authority to carry out
11 its agreements with the holders and to perform its duties
12 under sections one (1) through thirty-two (32) of this Act.

13 b. Bring suit upon the bonds or notes.

14 c. By action require the authority to account as if it
15 were the trustee of an express trust for the holders.

16 d. By action enjoin any acts or things which are unlawful
17 or in violation of the rights of the holders.

18 e. Declare all the bonds or notes due and payable and
19 if all defaults are made good then with the consent of the
20 holders of twenty-five percent of the aggregate principal
21 amount of the issue of bonds or notes then outstanding, annul
22 the declaration and its consequences.

23 3. The trustee shall also have all powers necessary or
24 appropriate for the exercise of functions specifically set
25 forth or incident to the general representation of bondholders
26 or noteholders in the enforcement and protection of their
27 rights.

28 4. Before declaring the principal of bonds or notes due
29 and payable, the trustee shall first give thirty days notice
30 in writing to the governor, to the authority and to the
31 attorney general of the state.

32 5. The district court has jurisdiction of any action by
33 the trustee on behalf of bondholders or noteholders. The
34 venue of the action shall be in the county in which the
35 principal office of the authority is located.

1 Sec. 20. NEW SECTION. AGREEMENT OF THE STATE. The state
2 pledges and agrees with the holders of any bonds or notes
3 that the state will not limit or alter the rights vested in
4 the authority to fulfill the terms of agreements made with
5 the holders or in any way to impair the rights and remedies
6 of the holders until the bonds or notes together with the
7 interest on them, plus interest on unpaid installments of
8 interest, and all costs and expenses in connection with an
9 action by or on behalf of the holders are fully met and
10 discharged. The authority may include this pledge and
11 agreement of the state in any agreement with the holders of
12 bonds or notes.

13 Sec. 21. NEW SECTION. BONDS AND NOTES AS LEGAL
14 INVESTMENTS. Bonds and notes are securities in which public
15 officers, state departments and agencies, political
16 subdivisions, insurance companies and other persons carrying
17 on an insurance business, banks, trust companies, savings
18 and loan associations, investment companies and other persons
19 carrying on a banking business, administrators, executors,
20 guardians, conservators, trustees and other fiduciaries and
21 other persons authorized to invest in bonds or other
22 obligations of this state may properly and legally invest
23 funds including capital in their control or belonging to them.
24 The bonds and notes are also securities which may be deposited
25 with and may be received by public officers, state departments
26 and agencies and political subdivisions for any purpose for
27 which the deposit of bonds or other obligations of this state
28 is authorized.

29 Sec. 22. NEW SECTION. MONEYS OF THE AUTHORITY.
30 1. Moneys of the authority, except as otherwise provided
31 in sections one (1) through thirty-two (32) of this Act, shall
32 be paid to the authority and shall be deposited in a bank
33 or other financial institution designated by the authority.
34 The moneys shall be withdrawn on the order of the person
35 authorized by the authority. Deposits shall be secured in

1 the manner determined by the authority. The auditor of state
2 or the auditor's legally authorized representatives may
3 periodically examine the accounts and books of the authority,
4 including its receipts, disbursements, contracts, leases,
5 sinking funds, investments and any other records and papers
6 relating to its financial standing, and the authority shall
7 not be required to pay a fee for the examination.

8 2. The authority may contract with holders of its bonds
9 or notes as to the custody, collection, security, investment
10 and payment of moneys of the authority, of moneys held in
11 trust or otherwise for the payment of bonds or notes and to
12 carry out the contract. Moneys held in trust or otherwise
13 for the payment of bonds or notes or in any way to secure
14 bonds or notes and deposits of the moneys may be secured in
15 the same manner as moneys of the authority and banks and trust
16 companies may give security for the deposits.

17 3. Subject to the provisions of any contract with
18 bondholders or noteholders and to the approval of the state
19 comptroller, the authority shall prescribe a system of
20 accounts.

21 4. The authority shall submit to the governor, the auditor
22 of state and the state comptroller, within thirty days of
23 its receipt, a copy of the report of every external examination
24 of the books and accounts of the authority other than copies
25 of the reports of examinations made by the auditor of state.

26 Sec. 23. NEW SECTION. LIMITATION OF LIABILITY. Members
27 of the authority and persons acting in its behalf, while
28 acting within the scope of their employment or agency, are
29 not subject to personal liability resulting from carrying
30 out the powers and duties given in sections one (1) through
31 thirty-two (32) of this Act.

32 Sec. 24. NEW SECTION. ASSISTANCE BY STATE OFFICERS,
33 AGENCIES AND DEPARTMENTS. State officers and state departments
34 and agencies may render services to the authority within their
35 respective functions as requested by the authority.

1 Sec. 25. NEW SECTION. LIBERAL INTERPRETATION. Sections
2 one (1) through thirty-two (32) of this Act, being necessary
3 for the welfare of this state and its inhabitants, shall be
4 liberally construed to effect its purposes.

5 Sec. 26. NEW SECTION. CONFLICTS OF INTEREST.

6 1. If a member or employee other than the executive
7 director of the authority has an interest, either direct or
8 indirect, in a contract to which the authority is or is to
9 be a party or in a mortgage lender requesting a loan from
10 or offering to sell mortgage loans to the authority, the
11 interest shall be disclosed to the authority in writing and
12 shall be set forth in the minutes of the authority. The
13 member or employee having the interest shall not participate
14 in action by the authority with respect to that contract or
15 mortgage lender.

16 2. This section does not limit the right of a member,
17 officer or employee of the authority to acquire an interest
18 in bonds or notes or to limit the right of a member or employee
19 other than the executive director to have an interest in a
20 bank or other financial institution in which the funds of
21 the authority are deposited or which is acting as trustee
22 or paying agent under a trust indenture to which the authority
23 is a party.

24 3. The executive director shall not have an interest in
25 a bank or other financial institution in which the funds of
26 the authority are deposited or which is acting as trustee
27 or paying agent under a trust indenture to which the authority
28 is a party. The executive director shall not receive, in
29 addition to fixed salary or compensation, any money or valuable
30 thing, either directly or indirectly, or through any
31 substantial interest in any other corporation or business
32 unit, for negotiating, procuring, recommending or aiding in
33 any purchase or sale of property or loan made by the authority,
34 nor shall the executive director be pecuniarily interested,
35 either as principal, co-principal, agent or beneficiary,

1 either directly or indirectly or through any substantial
2 interest in any other corporation or business unit, in any
3 purchase, sale or loan.

4 Sec. 27. NEW SECTION. EXEMPTION FROM COMPETITIVE BID
5 LAWS. The authority and all contracts made by it in carrying
6 out its public and essential governmental functions under
7 sections fourteen (14) and fifteen (15) of this Act, shall
8 be exempt from the laws of the state which provide for
9 competitive bids in connection with such contracts.

10 Sec. 28. NEW SECTION. AGENCY. The authority shall make
11 application to and receive from the secretary of agriculture
12 of the United States, or any other proper federal official,
13 pursuant and subject to the provisions of Pub. L. No. 499,
14 64 Stat. 152 (1950), (formerly codified 40 U.S.C. 440 et
15 seq. (1976)) all of the trust assets held by the United States
16 in trust for the Iowa rural rehabilitation corporation now
17 dissolved.

18 Sec. 29. NEW SECTION. AGREEMENTS. The authority may
19 enter into agreements with the secretary of agriculture of
20 the United States pursuant to Pub. L. No. 499 s. 2(f) (1950)
21 upon terms and conditions and for periods of time as mutually
22 agreeable, authorizing the authority to accept, administer,
23 expend and use in the state of Iowa all or any part of the
24 trust assets or other funds in the state of Iowa which have
25 been appropriated for use in carrying out the purposes of
26 the Bankhead-Jones Farm Tenant Act and to do any and all
27 things necessary to effectuate and carry out the purposes
28 of said agreements.

29 Sec. 30. NEW SECTION. ASSETS--ACCOUNT. The trust assets
30 received under the application made pursuant to section twenty-
31 eight (28) of this Act other than cash shall be taken on
32 proper transfer or assignment from the department of social
33 services to the authority and administered as provided in
34 sections one (1) through thirty-two (32) of this Act. These
35 funds may be used for any of the purposes of sections one

1 (1) through thirty-two (32) of this Act, including but not
2 limited to costs of administration and insuring or guaranteeing
3 payment of all or a portion of loans made pursuant to sections
4 one (1) through thirty-two (32) of this Act.

5 Sec. 31. NEW SECTION. PROGRAMS IN PROGRESS. The authority
6 shall complete the administration of programs in progress
7 on the effective date of this Act to the extent that funds
8 were committed, obligations incurred or rights accrued prior
9 to the effective date of this Act under the programs authorized
10 under sections two hundred thirty-four point fifteen (234.15)
11 through two hundred thirty-four point twenty (234.20) of the
12 Code prior to the repeal of those sections by this Act.
13 Moneys received under this section shall be deposited to the
14 authority.

15 Sec. 32. NEW SECTION. LIABILITY. The United States,
16 the authority and the secretary of agriculture of the United
17 States shall be held free from liability by virtue of the
18 transfer of the assets to the authority. The authority and
19 persons acting in its behalf, while acting within the scope
20 of their employment or agency, are not subject to personal
21 liability resulting from carrying out their powers and duties
22 under sections one (1) through thirty-two (32) of this Act.

23 Sec. 33. Section two hundred twenty point ten (220.10),
24 subsection one (1), Code 1979, is amended to read as follows:

25 1. All moneys declared by the authority to be surplus
26 moneys which are not required to service bonds and notes
27 issued by the authority, to pay administrative expenses of
28 the authority, or to accumulate necessary operating or loss
29 reserves, shall be used by the authority to pay administrative
30 expenses of or provide loans to the Iowa family farm
31 development authority in connection with the programs
32 authorized in the Iowa family farm development Act or to
33 provide grants, subsidies, and services to lower income
34 families and very low income families through any of the
35 programs authorized in this chapter.

1 Sec. 34. Section two hundred twenty point eleven (220.11),
2 Code 1979, is amended to read as follows:

3 220.11 COMBINATION PROGRAMS. Any programs authorized
4 in this chapter may be combined with any other programs
5 authorized in this chapter or in the Iowa family farm
6 development Act in order to facilitate as far as practicable
7 the provision of adequate housing to low and moderate income
8 families.

9 Sec. 35. TRANSFER OF EXISTING ASSETS AND LIABILITIES.
10 The trust assets and liabilities of the former Iowa rural
11 rehabilitation corporation under the jurisdiction of the
12 department of social services shall be transferred to the
13 jurisdiction of the authority on the effective date of this
14 Act. The authority shall be the successor in interest to
15 the agreements in effect between the United States government
16 and the department of social services on behalf of the state
17 of Iowa on the effective date of this Act.

18 Sec. 36. Sections two hundred thirty-four point fifteen
19 (234.15), through two hundred thirty-four point twenty
20 (234.20), Code 1979, are repealed.

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SENATE 2
FEBRUARY 28, 1980

SENATE FILE 2243

S-5220

- 1 Amend Senate File 2243 as follows:
2 1. Page 11, by striking lines 1 and 2 and inserting
3 in lieu thereof the following: "beginning farmer of
4 agricultural land totaling no more than six hundred
5 thousand (600,000) dollars in value."

S-5220 FILED & ADOPTED (p. 592) BY ARNE WALDSTEIN
FEBRUARY 27, 1980 NORMAN G. RODGERS

SENATE FILE 2243

S-5222

- 1 Amend Senate File 2243 as follows:
2 1. Page 11, line 6, by inserting after the word
3 "sources" the words "or family financial resources".

S-5222 FILED & LOST (p. 597) BY RAY TAYLOR
FEBRUARY 27, 1980

SENATE FILE 2243

S-5223

- 1 Amend Senate File 2243 as follows:
2 1. Page 26, line 2, by striking the word "and"
A 3 and inserting in lieu thereof the word "or".
4 2. Page 26, line 7, by striking the word "not".
B 5 3. Page 26, line 7, by inserting after the word
6 "a" the word "reasonable".

S-5223 FILED BY EDGAR H. HOLDEN
FEBRUARY 27, 1980
DIVISION A - ADOPTED (p. 597)
DIVISION B - LOST (p. 597)

SENATE FILE 2243

S-5224

- 1 Amend Senate File 2243 as follows:
2 1. Page 26, line 34, by inserting after the word
3 "services" the words "at a reasonable fee".

S-5224 FILED & LOST (p. 599) BY EDGAR H. HOLDEN
FEBRUARY 27, 1980

SENATE FILE 2243

S-5227

1 Amend Senate File 2243 as follows:

2 1. Page 1, by inserting after line 8 the following
3 subsection:

4 "2. "Business property" means real property within
5 this state which is suitable for use as the principal
6 place of business for a retail, occupational or
7 professional business."

8 2. Page 1, by striking lines 9 through 16 and
9 inserting in lieu thereof the words:

10 "3. "Improvements" mean any improvements, buildings,
11 or structures suitable for use in farming or business
12 which are located on agricultural or commercial land.
13 Improvements include a single-family dwelling located
14 on agricultural or commercial land and structures
15 attached to or incidental to the use of the dwelling.

16 4. "Authority" means the Iowa family and
17 business development authority established in section
18 three (3) of this Act."

19 3. Page 1, line 20, by inserting after the words
20 "'Beginning farmer'" the words "or "beginning business
21 person"."

22 4. Page 2, line 31, by inserting after the word
23 "farm" the words "and business".

24 5. Page 2, line 35, by inserting after the word
25 "farmers" the words "and business persons".

26 6. Page 3, line 1, by striking the word "agricultural"
27 in both instances in which it appears.

28 7. Page 3, line 2, by inserting after the word
29 "farming" the words "or business".

30 8. Title page, line 1, by inserting after the word
31 "farm" the words "and business".

S-5227 FILED

FEBRUARY 27, 1980

RULED OUT OF ORDER (p. 594)

BY GEORGE KINLEY

C. W. HUTCHINS

JOHN SCOTT

SENATE FILE 2243

S-5231

1 Amend Senate File 2243 as follows:

2 1. Page 11, line 8, by inserting after the period
3 the following: "In making this determination, the
4 authority shall consider family financial resources
5 available to the beginning farmer."

S-5231 FILED & LOST (p. 604) BY RAY TAYLOR

FEBRUARY 27, 1980

ARNE WALDSTEIN

1 Amend Senate File 2243 as amended, passed and
2 reprinted as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. NEW SECTION. SHORT TITLE. This Act
6 may be cited as the "Iowa Family Enterprise Development
7 Act".

8 Sec. 2. NEW SECTION. DEFINITIONS. As used in
9 this Act, unless the context otherwise requires:

10 1. "Agricultural improvements" means any
11 improvements, buildings, structures or fixtures
12 suitable for use in farming which are located on
13 agricultural land. "Agricultural improvements"
14 includes a single-family dwelling located on
15 agricultural land which is or will be occupied by
16 the beginning farmer and structures attached to or
17 incidental to the use of the dwelling.

18 2. "Agricultural land" means land suitable for
19 use in farming.

20 3. "Beginning businessperson" means an individual
21 with a low or moderate net worth who engages in or
22 wishes to engage in a business involving one of the
23 following:

24 a. The manufacturing, processing or assembling
25 of agricultural or manufactured products.

26 b. A commercial enterprise involving the storing,
27 warehousing or distributing of products of agriculture,
28 mining or industry.

29 c. The retailing of products of agriculture,
30 mining or industry.

31 d. The construction of improvements, buildings,
32 structures or fixtures suitable for use in farming
33 or any other type of business.

34 e. A professional business.

35 4. "Beginning farmer" means an individual with
36 a low or moderate net worth who engages in farming
37 or wishes to engage in farming.

38 5. "Board" means the Iowa family enterprise
39 development board established pursuant to section
40 three (3) of this Act.

41 6. "Bonds" means bonds issued by the board under
42 this Act.

43 7. "Business property" means real property within
44 this state which is suitable for use as the principal
45 place of business of a beginning businessperson or
46 real or personal property suitable for use in the
47 business of the beginning businessperson for which
48 an income tax deduction for depreciation is allowable
49 in computing federal income tax under the Internal
50 Revenue Code of 1954 as defined in section four hundred

1 twenty-two point four (422.4) of the Code.

2 8. "Depreciable agricultural property" means real
3 or personal property suitable for use in farming,
4 including agricultural improvements, for which an
5 income tax deduction for depreciation is allowable
6 in computing federal income tax under the Internal
7 Revenue Code of 1954 as defined in section four hundred
8 twenty-two point four (422.4) of the Code.

9 9. "Farming" means farming as defined in section
10 one hundred seventy-two C point one (172C.1),
11 subsection six (6), of the Code.

12 10. "Low or moderate net worth" means an aggregate
13 net worth of an individual and the individual's spouse
14 and children, if any, of less than one hundred thousand
15 dollars.

16 11. "Mortgage" means a mortgage, mortgage deed,
17 deed of trust, or other instrument creating a first
18 lien, subject only to title exceptions and encumbrances
19 acceptable to the board, including any subordinate
20 mortgage liens retained by a seller or conveyed to
21 a mortgage lender, on a fee interest in agricultural
22 land and agricultural improvements or business
23 property.

24 12. "Mortgage lender" means a bank, trust company,
25 mortgage company, national banking association, savings
26 and loan association, life insurance company, any
27 state or federal governmental agency or
28 instrumentality, including without limitation the
29 federal land bank or any of its local associations,
30 or any other financial institution or entity authorized
31 to make mortgage loans in this state.

32 13. "Mortgage loan" means a financial obligation
33 secured by a mortgage.

34 14. "Net worth" means total assets minus total
35 liabilities as determined in accordance with generally
36 accepted accounting principles with appropriate
37 exceptions and exemptions reasonably related to an
38 equitable determination of the beginning farmer's
39 or businessperson's net worth.

40 15. "Note" means a bond anticipation note issued
41 by the board under this Act.

42 16. "Program" means the Iowa family enterprise
43 development program established pursuant to section
44 ten (10) of this Act.

45 17. "Secured loan" means a financial obligation
46 secured by a chattel mortgage, security agreement
47 or other instrument creating a lien on an interest
48 in depreciable agricultural property or business
49 property.

50 18. "State agency" means any board, commission,

1 department, public officer, or other agency or
2 authority of the state of Iowa.

3 19. "Treasurer" means the treasurer of the state
4 of Iowa.

5 The board may establish by rule further definitions
6 applicable to this Act and clarification of the
7 definitions in this section, as necessary to assure
8 eligibility for funds, insurance or guarantees
9 available under federal laws and to carry out the
10 public purposes of this Act.

11 Sec. 3. NEW SECTION. ESTABLISHMENT OF BOARD.

12 1. The Iowa family enterprise development board
13 is established and constituted a public instrumentality
14 and agency of the state exercising public and essential
15 governmental functions to establish and operate the
16 program. The board shall consist of nine members,
17 seven members appointed by the governor with the
18 approval of two-thirds of the members of the senate
19 and the treasurer and the state secretary of
20 agriculture who are ex officio voting members. No
21 more than five members shall belong to the same
22 political party. As far as possible the governor
23 shall include within the membership persons who
24 represent financial institutions experienced in
25 agricultural or business lending, the real estate
26 sales industry, farmers, beginning farmers,
27 businesspersons, beginning businesspersons and any
28 other person specially interested in family enterprise
29 development.

30 2. The appointed members of the board shall be
31 appointed by the governor for terms of six years
32 except that, of the first appointments, two members
33 shall be appointed for terms of two years and two
34 members shall be appointed for a term of four years.
35 A person appointed to fill a vacancy shall serve only
36 for the unexpired portion of the term. A member is
37 eligible for reappointment. An appointed member of
38 the board may be removed from office by the governor
39 for misfeasance, malfeasance or willful neglect of
40 duty or other just cause, after notice and hearing,
41 unless the notice and hearing is expressly waived
42 in writing.

43 3. Five members of the board constitute a quorum
44 and the affirmative vote of a majority of the members
45 is necessary for any recommendation made by the board.
46 The majority shall not include any member who has
47 a conflict of interest and a statement by a member
48 of a conflict of interest is conclusive for this
49 purpose. A vacancy in the membership does not impair
50 the right of a quorum to perform the functions and

1 duties of the board.

2 4. Appointed members of the board are entitled
3 to receive forty dollars per diem for each day spent
4 in performance of their functions and duties as members
5 and reimbursement for all actual and necessary expenses
6 incurred in the performance of their functions and
7 duties as members.

8 5. Meetings of the board shall be held at the
9 call of the chairperson or when two members so request.

10 6. Members shall elect a chairperson and vice
11 chairperson annually, and other officers as they
12 determine. However, the treasurer of state shall
13 be the treasurer of the board and shall not serve
14 as any other officer of the board.

15 7. The appointed members of the board shall give
16 bond as required for public officers in chapter 64.

17 8. The treasurer and staff of the treasurer's
18 office shall serve as the staff of the board. The
19 treasurer shall advise the board on matters relating
20 to agricultural or business land and property and
21 agricultural or business finance, and carry out all
22 directives from the board, and may hire and supervise
23 additional staff pursuant to its directions and under
24 the provisions of chapter nineteen A (19A), of the
25 Code, except that principal administrative assistants
26 with responsibilities in beginning farm or business
27 loan programs, accounting, mortgage loan processing,
28 and investment portfolio management are exempt from
29 that chapter.

30 Sec. 4. NEW SECTION. LEGISLATIVE FINDINGS. The
31 general assembly finds and declares as follows:

32 1. The establishment of the program is in all
33 respects for the benefit of the people of the state
34 of Iowa, for the improvement of their health and
35 welfare and for the promotion of the economy, which
36 are public purposes.

37 2. The board will be performing an essential
38 governmental function in the exercise of the powers
39 and duties conferred by this Act.

40 3. There exists a serious problem in this state
41 regarding the ability of nonestablished farmers to
42 acquire agricultural land and improvements and
43 depreciable agricultural property in order to enter
44 farming and the ability of nonestablished
45 businesspersons to acquire business property in order
46 to start a business.

47 4. This barrier to entry into farming is conducive
48 to consolidation of acreage of agricultural land with
49 fewer individuals resulting in a grave threat to the
50 traditional family farm.

1 5. This barrier to starting a business is conducive
2 to the continuing expansion of very large businesses
3 and the decrease in number of smaller independent
4 businesses resulting in a grave threat to the
5 traditional family business.

6 6. These conditions result in a loss in population,
7 unemployment and a movement of persons from rural
8 communities to urban areas accompanied by added costs
9 to communities for creation of new public facilities
10 and services.

11 7. One major cause of this condition has been
12 recurrent shortages of funds in private channels and
13 the high interest cost of borrowing.

14 8. The ordinary operations of private enterprise
15 and of existing programs of the federal government
16 have not in the past corrected these conditions.

17 9. A stable supply of adequate funds for
18 agricultural and business financing is required to
19 encourage beginning farmers and businesspersons in
20 an orderly and sustained manner and to reduce the
21 problems described in this section.

22 10. Article nine (IX), section three (3), of the
23 Constitution of the State of Iowa requires that, "The
24 General Assembly shall encourage, by all suitable
25 means, the promotion of intellectual, scientific,
26 moral, and agricultural improvement", and agricultural
27 improvement and the public good are served by a policy
28 of facilitating access to capital by beginning farmers
29 unable to obtain capital elsewhere in order to
30 preserve, encourage and protect the family farm.

31 11. It is necessary to create a family enterprise
32 development program to encourage ownership and
33 operation of farms by beginning farmers and to
34 encourage ownership and operation of businesses by
35 beginning businesspersons by providing purchase money
36 loans to beginning farmers and businesspersons who
37 are not able to obtain adequate capital elsewhere
38 and to lower costs through the use of public financing.

39 12. All of the purposes stated in this section
40 are public purposes and uses for which public moneys
41 may be borrowed, expended, advanced, loaned or granted.

42 Sec. 5. NEW SECTION. GUIDING PRINCIPLES. In
43 the performance of the duties, implementation of the
44 powers, and selection of specific projects to receive
45 assistance under this Act, the board shall be guided
46 by the following principles:

47 1. The board shall not become an owner of real
48 or depreciable agricultural property or business
49 property, except on a temporary basis where necessary
50 in order to implement the projects, to protect its

1 investments by means of foreclosure or other means,
2 or to facilitate transfer of real or depreciable
3 agricultural property for the use of beginning farmers
4 or the transfer of business property for use of
5 beginning businesspersons.

6 2. The board shall exercise diligence and care
7 in selection of projects to receive assistance and
8 shall apply customary and acceptable business and
9 lending standards in selection and subsequent
10 implementation of the projects. The board may delegate
11 primary responsibility for determination and
12 implementation of the projects to any federal
13 governmental agency or instrumentality or state agency
14 which assumes any obligation to repay the loan, either
15 directly or by insurance or guarantee.

16 Sec. 6. NEW SECTION. GENERAL POWERS. The board
17 has all of the powers needed to carry out the program,
18 including but not limited to the power to:

19 1. Issue bonds and notes as provided in this Act
20 in order to finance the program.

21 2. Sue and be sued on behalf of the program.

22 3. Make and execute agreements, contracts and
23 other instruments, with any public or private entity,
24 including but not limited to any federal governmental
25 agency or instrumentality, in furtherance of the
26 program. The board may make and execute contracts
27 with mortgage lenders for the servicing of mortgage
28 and secured loans. All political subdivisions, other
29 public agencies and state agencies may enter into
30 contracts and otherwise cooperate with the board.

31 4. Acquire, hold, improve, mortgage, lease and
32 dispose of real and personal property, including but
33 not limited to, the power to sell at public or private
34 sale, with or without public bidding, any property,
35 mortgage or secured loan or other obligation held
36 by the board.

37 5. Procure insurance, including pool insurance
38 on any group of mortgage or secured loans, against
39 any loss in connection with the operations and property
40 interests of the program.

41 6. Fix and collect fees and charges for program
42 services.

43 7. Subject to any agreement with bondholders or
44 noteholders, invest or deposit moneys of the program
45 in any manner determined by the board, notwithstanding
46 the provisions of chapters four hundred fifty-two
47 (452), four hundred fifty-three (453) or four hundred
48 fifty-four (454) of the Code.

49 8. Accept appropriations, gifts, grants, loans,
50 or other aid from public or private entities. A

1 record of all gifts or grants, stating the type,
2 amount and donor, shall be clearly set out in the
3 board's annual report along with the record of other
4 receipts.

5 9. Provide technical assistance and counseling
6 related to the program's purposes.

7 10. In cooperation with other local, state or
8 federal governmental agencies or instrumentalities,
9 conduct studies of beginning farmer and businessperson
10 needs, and gather and compile data useful to facilitate
11 decision making.

12 11. Contract with architects, appraisers,
13 agronomists, soil conservationists, engineers,
14 attorneys, accountants, construction and finance
15 experts, and other advisors or enter into contracts
16 or agreements for such services with local, state
17 or federal governmental agencies.

18 12. Make, alter and repeal rules consistent with
19 the provisions of this Act, and subject to chapter
20 seventeen A (17A) of the Code.

21 Sec. 7. NEW SECTION. ANNUAL REPORT.

22 1. The board shall submit to the governor and
23 to the general assembly, not later than January
24 fifteenth of each year, a complete report relating
25 to the program setting forth:

26 a. Its operations and accomplishments.

27 b. Its receipts and expenditures during the fiscal
28 year, in accordance with the classifications
29 established for operating and capital accounts.

30 c. Its assets and liabilities at the end of the
31 fiscal year and the status of reserve, special and
32 other funds.

33 d. A schedule of its bonds and notes outstanding
34 at the end of the fiscal year, together with a
35 statement of the amounts redeemed and issued during
36 the fiscal year.

37 e. A statement of its proposed and projected
38 activities.

39 f. Recommendations to the general assembly, as
40 it deems necessary.

41 g. An analysis of beginning farmer and
42 businessperson needs in the state.

43 2. The annual report shall identify performance
44 goals of the program, and clearly indicate the extent
45 of progress during the reporting period, in attaining
46 the goals. Where possible, results shall be expressed
47 in terms of number of loans, acres of agricultural
48 land and parcels of business real property.

49 Sec. 8. NEW SECTION. NONDISCRIMINATION.

50 1. The opportunity to acquire agricultural land

1 and improvements and depreciable agricultural property
2 or business property financed or otherwise assisted
3 by the board, directly or indirectly, is open to all
4 persons regardless of race, creed, color, sex, national
5 origin, age, physical or mental impairment, or
6 religion.

7 2. The board shall promote marketing plans for
8 the program.

9 Sec. 9. NEW SECTION. SURPLUS MONEYS. Moneys
10 declared by the board to be surplus moneys which are
11 not required to service bonds and notes, to pay
12 administrative expenses of the program or to accumulate
13 necessary operating or loss reserves, shall be used
14 by the board to provide loans, grants, subsidies,
15 and services to beginning farmers and businesspersons
16 through any of the projects established under the
17 program.

18 Sec. 10. NEW SECTION. FAMILY ENTERPRISE
19 DEVELOPMENT PROGRAM.

20 1. The board shall develop an Iowa family
21 enterprise development program to facilitate the
22 acquisition of agricultural land and improvements
23 and depreciable agricultural property by beginning
24 farmers and the acquisition of business property by
25 beginning businesspersons. The board shall exercise
26 the powers granted in this Act in order to fulfill
27 the goal of providing financial assistance to beginning
28 farmers in the acquisition of agricultural land and
29 improvements and depreciable agricultural property
30 and to beginning businesspersons in the acquisition
31 of business property. The board may participate in
32 and cooperate with programs of any federal governmental
33 agency or instrumentality or with any program of any
34 other state agency in the administration of the
35 program.

36 2. The board shall provide in the program that
37 a mortgage or secured loan to or on behalf of a
38 beginning farmer may only be provided if the following
39 criteria are satisfied:

40 a. The beginning farmer is a resident of the
41 state.

42 b. The agricultural land and improvements or the
43 depreciable agricultural property proposed to be
44 purchased will be located in the state.

45 c. The beginning farmer has sufficient education,
46 training, or experience in the type of farming for
47 which the loan is requested.

48 d. The program is financing the acquisition by
49 that beginning farmer of agricultural land,
50 agricultural improvements or depreciable agricultural

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1 property totaling not more than four hundred thousand
2 dollars in value.

3 e. If the loan is for the acquisition of
4 agricultural land, the beginning farmer has or will
5 have access to adequate working capital, farm
6 equipment, machinery or livestock. If the loan is
7 for the acquisition of depreciable agricultural
8 property, the beginning farmer has or will have access
9 to adequate working capital or agricultural land.

10 f. The board determines that the beginning farmer
11 is unable to secure financing from conventional sources
12 upon terms and conditions which the beginning farmer
13 reasonably could be expected to fulfill.

14 g. The agricultural land and improvements or
15 depreciable agricultural property shall only be used
16 for farming by the beginning farmer or his or her
17 family.

18 h. All or part of the loan is to be insured,
19 guaranteed or otherwise secured by the federal
20 government or a federal governmental agency or
21 instrumentality, a state agency or private mortgage
22 insurers.

23 i. Other criteria as the board prescribes by rule.

24 3. The board shall provide in the program that
25 a mortgage or secured loan to or on behalf of a
26 beginning businessperson may only be provided if the
27 following criteria are satisfied:

28 a. The beginning businessperson is a resident
29 of the state.

30 b. The business property proposed to be purchased
31 will be located in the state.

32 c. The beginning businessperson has sufficient
33 education, training, or experience in the type of
34 business for which the loan is requested.

35 d. The program is financing the acquisition by
36 that beginning businessperson of business property
37 totaling not more than four hundred thousand dollars
38 in value.

39 e. If the loan is for the acquisition of business
40 real property, the beginning businessperson has or
41 will have access to adequate working capital, business
42 equipment, machinery or fixtures. If the loan is
43 for the acquisition of business equipment, machinery
44 or fixtures, the beginning businessperson has or will
45 have access to adequate working capital or business
46 real property.

47 f. The board determines that the beginning
48 businessperson is unable to secure financing from
49 conventional sources upon terms and conditions which
50 the beginning businessperson reasonably could be

1 expected to fulfill.

2 g. The business property shall only be used for
3 a business engaged in by the beginning businessperson
4 or his or her family.

5 h. All or part of the loan is to be insured,
6 guaranteed or otherwise secured by the federal
7 government or a federal governmental agency or
8 instrumentality, a state agency or private mortgage
9 insurers.

10 i. Other criteria as the board prescribes by rule.

11 4. The board may provide in a mortgage or secured
12 loan that the loan may not be assumed without its
13 written consent and may provide a due-on-sale clause
14 with respect to an assignment without the requisite
15 consent. The board may provide by rule the grounds
16 for permitted assumptions of the loan. This provision
17 controls with respect to a mortgage or secured loan
18 made or purchased by the board notwithstanding the
19 provisions of chapter five hundred thirty-five (535)
20 of the Code.

21 Sec. 11. NEW SECTION. LOANS TO BEGINNING FARMERS
22 AND BUSINESSPERSONS.

23 1. The board may make mortgage or secured loans,
24 limited to loans all or part of the amount of which
25 are insured, guaranteed, or otherwise secured by the
26 federal government or a federal governmental agency
27 or instrumentality, a state agency or private mortgage
28 insurers, to beginning farmers to provide financing
29 for agricultural land and improvements or depreciable
30 agricultural property or to beginning businesspersons
31 to provide financing for business property.

32 2. Mortgage or secured loans shall contain terms
33 and provisions, including interest rates, and be in
34 a form established by rules of the board. The board
35 shall require the beginning farmer or businessperson
36 to execute any note, mortgage or security agreement
37 and furnish assurances and guarantees, including
38 insurance, reasonably related to protecting the
39 security of the loan, as the board deems necessary.

40 Sec. 12. NEW SECTION. LOANS TO MORTGAGE LENDERS.

41 1. The board may make and contract to make loans
42 to mortgage lenders on terms and conditions determined
43 to be reasonably related to protecting the security
44 of the program's investment and to implementing the
45 purposes of this Act. Mortgage lenders are authorized
46 to borrow from the board under the program in
47 accordance with the provisions of this section and
48 the rules of the board.

49 2. The board shall require the submission to the
50 board by each mortgage lender to which the board has

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1 made a loan, of evidence satisfactory to the board
2 of the making of new mortgage or secured loans to
3 beginning farmers or businesspersons as required by
4 this section and in that connection may, through the
5 board's employees or agents, inspect the books and
6 records of a mortgage lender.

7 3. Compliance by a mortgage lender with the terms
8 of its agreement with the board with respect to the
9 making of new mortgage or secured loans to beginning
10 farmers or businesspersons may be enforced by decree
11 of any district court of this state. The board may
12 require as a condition of a loan to a national banking
13 association or a federally chartered savings and loan
14 association, the consent of the association to the
15 jurisdiction of courts of this state over any
16 enforcement proceeding. The board may also require,
17 as a condition of a loan to a mortgage lender,
18 agreement by the mortgage lender to the payment of
19 penalties to the treasurer for violation by the
20 mortgage lender of its agreement with the board, and
21 the penalties shall be recoverable at the suit of
22 the board.

23 4. The board shall require that each mortgage
24 lender receiving a loan pursuant to this section shall
25 issue and deliver to the board evidence of its
26 indebtedness to the board which shall constitute a
27 general obligation of the mortgage lender and shall
28 bear a date, mature at a time, be subject to prepayment
29 and contain other provisions consistent with this
30 section and reasonably related to protecting the
31 security of the program's investment, as the board
32 determines.

33 5. Notwithstanding any other provision of this
34 section, the interest rate and other terms of loans
35 to mortgage lenders made from the proceeds of an issue
36 of bonds or notes of the board shall be at least
37 sufficient to assure the payment of the bonds or notes
38 and the interest on them as they become due.

39 6. The board may require that loans to mortgage
40 lenders are additionally secured as to payment of
41 both principal and interest by a pledge of and lien
42 upon collateral security by special escrow funds or
43 other forms of guarantee and in amounts and forms
44 as the board by resolution determines to be necessary
45 to assure the payment of the loans and the interest
46 as they become due. Collateral security shall consist
47 of direct obligations of or obligations guaranteed
48 by the United States or one of its agencies,
49 obligations satisfactory to the board which are issued
50 by other federal agencies, direct obligations of or

1 obligations guaranteed by a state or a political
2 subdivision of a state or investment quality
3 obligations approved by the board.
4 7. The board may require that collateral for loans
5 be deposited with a bank, trust company or other
6 financial institution acceptable to the board located
7 in this state and designated by the board as custodian.
8 In the absence of that requirement, each mortgage
9 lender shall enter into an agreement with the board
10 containing provisions the board deems necessary to
11 adequately identify and maintain the collateral,
12 service the collateral and require the mortgage lender
13 to hold the collateral as an agent for the board and
14 be accountable to the board as the trustee of an
15 express trust for the application and disposition
16 of the collateral and the income from it. The board
17 may also establish additional requirements the board
18 deems necessary with respect to the pledging,
19 assigning, setting aside or holding of collateral
20 and the making of substitutions for it or additions
21 to it and the disposition of income and receipts from
22 it.

23 8. The board may require as a condition of loans
24 to mortgage lenders any representations and warranties
25 the board determines are necessary to secure the loans
26 and carry out the purposes of this section.

27 9. If a provision of this section is inconsistent
28 with a provision of law of this state governing
29 mortgage lenders, the provision of this section
30 controls for the purposes of this section.

31 Sec. 13. NEW SECTION. PURCHASE OF MORTGAGE OR
32 SECURED LOANS.

33 1. The board may purchase and make advance
34 commitments to purchase mortgage or secured loans
35 from mortgage lenders at prices and upon terms and
36 conditions as the board determines. However, the
37 total purchase price for all mortgage or secured loans
38 which the board commits to purchase from a mortgage
39 lender at any one time shall not exceed the total
40 of the unpaid principal balances of the loans
41 purchased. Mortgage lenders are authorized to sell
42 mortgage or secured loans to the board in accordance
43 with the provisions of this section and the rules
44 of the board.

45 2. The board shall require the submission to the
46 board by each mortgage lender from which the board
47 has purchased loans of evidence satisfactory to the
48 board of the making of mortgage or secured loans to
49 beginning farmers or businesspersons as required by
50 this section and in that connection may, through the

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1 board's employees or agents, inspect the books and
2 records of a mortgage lender.

3 3. Compliance by a mortgage lender with the terms
4 of its agreement with the board with respect to the
5 making of mortgage or secured loans to beginning
6 farmers or businesspersons may be enforced by decree
7 of any district court of this state. The board may
8 require as a condition of purchase of loans from any
9 national banking association or federally chartered
10 savings and loan association the consent of the
11 association to the jurisdiction of courts of this
12 state over any enforcement proceeding. The board
13 may also require as a condition of the purchase of
14 loans from a mortgage lender agreement by the mortgage
15 lender to the payment of penalties to the board for
16 violation by the mortgage lender of its agreement
17 with the board and the penalties shall be recoverable
18 at the suit of the board.

19 4. The board may require as a condition of purchase
20 of a loan from a mortgage lender that the mortgage
21 lender make representations and warranties the board
22 requires. A mortgage lender is liable to the board
23 for damages suffered by the board by reason of the
24 untruth of a representation or the breach of a warranty
25 and, in the event that a representation proves to
26 be untrue when made or in the event of a breach of
27 warranty, the mortgage lender shall, at the option
28 of the board, repurchase the loan for the original
29 purchase price adjusted for amounts subsequently paid
30 on it, as the board determines.

31 5. If a provision of this section is inconsistent
32 with another provision of law of this state governing
33 mortgage lenders, the provision of this section
34 controls for the purposes of this section.

35 Sec. 14. NEW SECTION. POWERS RELATING TO LOANS.
36 Subject to any agreement with bondholders or
37 noteholders, the board may renegotiate a mortgage
38 or secured loan or a loan to a mortgage lender in
39 default, waive a default or consent to the modification
40 of the terms of a mortgage or secured loan or a loan
41 to a mortgage lender, forgive or forbear all or part
42 of a mortgage or secured loan or a loan to a mortgage
43 lender and commence, prosecute and enforce a judgment
44 in any action, including but not limited to a
45 foreclosure action, to protect or enforce any right
46 conferred upon the board by law, mortgage or secured
47 loan agreement, contract or other agreement and in
48 connection with any action, bid for and purchase the
49 property or acquire or take possession of it, complete,
50 administer, pay the principal of and interest on any

1 obligations incurred in connection with the property
2 and dispose of and otherwise deal with the property
3 in a manner the board deems advisable to protect the
4 program's interests.

5 Sec. 15. NEW SECTION. BONDS AND NOTES.

6 1. The board may issue bonds and notes in principal
7 amounts which are necessary to provide sufficient
8 funds for achievement of the purposes of the program,
9 the payment of interest on bonds and notes, the
10 establishment of reserves to secure bonds and notes
11 and all other expenditures of the board incident to
12 and necessary or convenient to carry out the purposes
13 of the program. However, the board may not have a
14 total principal amount of bonds and notes outstanding
15 at any time in excess of two hundred million dollars.
16 The bonds and notes shall be deemed to be investment
17 securities and negotiable instruments within the
18 meaning of and for all purposes of the uniform
19 commercial code.

20 2. Bonds and notes are payable solely and only
21 out of the moneys, assets or revenues of the program
22 and as provided in the agreement with bondholders
23 or noteholders pledging any particular moneys, assets
24 or revenues. Bonds or notes are not an obligation
25 of this state or any political subdivision of this
26 state within the meaning of any constitutional or
27 statutory debt limitations, but are special obligations
28 payable solely and only from the sources provided
29 in this Act, and the board shall not pledge the credit
30 or taxing power of this state or any political
31 subdivision of this state or make the program's debts
32 payable out of any moneys except those of the program.

33 3. Bonds and notes must be authorized by a
34 resolution of the board. However, the resolution
35 may delegate to an officer of the board the power
36 to negotiate and fix the details of an issue of bonds
37 or notes by an appropriate certificate of the
38 authorized officer.

39 4. Bonds shall:

40 a. State the date and series of the issue, be
41 consecutively numbered and state on their face that
42 they are payable both as to principal and interest
43 solely out of the assets of the program and do not
44 constitute an indebtedness of this state or any
45 political subdivision of this state within the meaning
46 of any constitutional or statutory debt limit.

47 b. Be either registered, registered as to principal
48 only, or in coupon form, issued in denominations as
49 the board prescribes, fully negotiable instruments
50 under the laws of this state, signed on behalf of

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1 the board with the manual or facsimile signature of
2 the chairperson or vice chairperson, attested by the
3 manual or facsimile signature of the treasurer, have
4 impressed or imprinted thereon the seal of the state
5 of Iowa or a facsimile of it, and the coupons attached
6 shall be signed with the facsimile signature of the
7 chairperson or vice chairperson, be payable as to
8 interest at rates and at times as the board determines,
9 be payable as to principal at times over a period
10 not to exceed fifty years from the date of issuance,
11 at places and with reserved rights of prior redemption,
12 as the board prescribes, be sold at prices, at public
13 or private sale, and in a manner as the board
14 prescribes, and the board may pay all expenses,
15 premiums and commissions which the board deems
16 necessary or advantageous in connection with the
17 issuance and sale, and be issued under and subject
18 to the terms, conditions and covenants providing for
19 the payment of the principal, redemption premiums,
20 if any, interest and other terms, conditions, covenants
21 and protective provisions safeguarding payment, not
22 inconsistent with this Act, as are found to be
23 necessary by the board for the most advantageous sale,
24 which may include, but are not limited to, covenants
25 with the holders of the bonds as to:

26 (1) Pledging or creating a lien, to the extent
27 provided by the resolution, on moneys or property
28 of the program or moneys held in trust or otherwise
29 by others to secure the payment of the bonds.

30 (2) Providing for the custody, collection,
31 securing, investment and payment of any moneys of
32 or due to the program.

33 (3) The setting aside of reserves or sinking funds
34 and the regulation or disposition of them.

35 (4) Limitations on the purpose to which the
36 proceeds of sale of an issue of bonds then or
37 thereafter to be issued may be applied.

38 (5) Limitations on the issuance of additional
39 bonds and on the refunding of outstanding or other
40 bonds.

41 (6) The procedure by which the terms of a contract
42 with the holders of bonds may be amended or abrogated,
43 the amount of bonds the holders of which must consent
44 thereto and the manner in which consent may be given.

45 (7) The creation of special funds into which
46 moneys of the program may be deposited.

47 (8) Vesting in an indentured trustee properties,
48 rights, powers and duties in trust.

49 (9) Defining the acts or omissions which constitute
50 a default in the obligations and duties of the board

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1 and providing for the rights and remedies of the
2 holders of bonds in the event of a default. However,
3 rights and remedies shall be consistent with the laws
4 of this state and other provisions of this Act.

5 (10) Any other matters which affect the security
6 and protection of the bonds and the rights of the
7 holders.

8 5. The board may issue bonds for the purpose of
9 refunding any bonds or notes of the program then
10 outstanding, including the payment of any redemption
11 premiums and any interest accrued or to accrue to
12 the date of redemption of the outstanding bonds or
13 notes. Until the proceeds of bonds issued for the
14 purpose of refunding outstanding bonds or notes are
15 applied to the purchase or retirement of outstanding
16 bonds or notes or the redemption of outstanding bonds
17 or notes, the proceeds may be placed in escrow and
18 be invested and reinvested in accordance with the
19 provisions of this Act. The interest, income and
20 profits earned or realized on an investment may also
21 be applied to the payment of the outstanding bonds
22 or notes to be refunded by purchase, retirement or
23 redemption. After the terms of the escrow have been
24 fully satisfied and carried out, any balance of
25 proceeds and interest earned or realized on the
26 investments may be returned to the program for use
27 in any lawful manner. All refunding bonds shall be
28 issued and secured and subject to the provisions of
29 this Act in the same manner and to the same extent
30 as other bonds.

31 6. The board may issue negotiable bond anticipation
32 notes and may renew them from time to time but the
33 maximum maturity of the notes, including renewals,
34 shall not exceed ten years from the date of issue
35 of the original notes. Notes are payable from any
36 available moneys of the program not otherwise pledged
37 or from the proceeds of the sale of bonds in
38 anticipation of which the notes were issued. Notes
39 may be issued for any purpose of the program. Notes
40 shall be issued in the same manner as bonds and notes
41 and the resolution authorizing them may contain any
42 provisions, conditions or limitations, not inconsistent
43 with the provisions of this subsection, which the
44 bonds or a bond resolution may contain. Notes may
45 be sold at public or private sale. In case of default
46 on notes or violation of any obligations of the board
47 to the noteholders, the noteholders shall have all
48 the remedies provided in this Act for bondholders.
49 Notes shall be as fully negotiable as bonds of the
50 program.

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1 7. A copy of each pledge agreement by or to the
2 board, including without limitation each bond
3 resolution, indenture of trust or similar agreement,
4 or any revisions or supplements to it shall be filed
5 with the secretary of state and no further filing
6 or other action under article nine (9) of the uniform
7 commercial code, or any other law of the state shall
8 be required to perfect the security interest in the
9 collateral or any additions to it or substitutions
10 for it and the lien and trust so created shall be
11 binding from and after the time made against all
12 parties having claims of any kind in tort, contract
13 or otherwise against the pledgor.

14 8. The members of the board and any person
15 executing bonds, notes or other obligations are not
16 liable personally on the bonds, notes or other
17 obligations or subject to personal liability or
18 accountability by reason of the issuance of the bonds
19 or notes.

20 9. The board shall publish a notice of intention
21 to issue bonds or notes in a newspaper published and
22 of general circulation in the state. The notice shall
23 include a statement of the maximum amount of bonds
24 or notes proposed to be issued, and in general, what
25 net revenues will be pledged to pay the bonds or notes
26 and interest thereon. An action shall not be brought
27 questioning the legality of the bonds or notes or
28 the power of the board to issue the bonds or notes
29 or to the legality of any proceedings in connection
30 with the authorization or issuance of the bonds or
31 notes after sixty days from the date of publication
32 of the notice.

33 Sec. 16. NEW SECTION. RESERVE FUNDS AND
34 APPROPRIATIONS.

35 1. The board may create and establish for the
36 program one or more special funds, each to be known
37 as a "bond reserve fund" and shall pay into each bond
38 reserve fund any moneys appropriated and made available
39 by the state for the purpose of the fund, any proceeds
40 of sale of notes or bonds to the extent provided in
41 the bond resolutions of the board authorizing their
42 issuance and any other moneys which are available
43 to the board for the purpose of the fund from any
44 other sources. Moneys held in a bond reserve fund,
45 except as otherwise provided in this Act, shall be
46 used as required solely for the payment of the
47 principal of bonds secured in whole or in part by
48 the fund or of the sinking fund payments with respect
49 to the bonds, the purchase or redemption of the bonds,
50 the payment of interest on the bonds or the payments

1 of any redemption premium required to be paid when
2 the bonds are redeemed prior to maturity.

3 2. Moneys in a bond reserve fund shall not be
4 withdrawn from it in an amount that will reduce the
5 amount of the fund to less than the bond reserve fund
6 requirement established for the fund, as provided
7 in this section, except for the purpose of making
8 payment when due of principal, interest, redemption
9 premiums and the sinking fund payments with respect
10 to the bonds for the payment of which other moneys
11 of the program are not available. Any income or
12 interest earned by, or incremental to, a bond reserve
13 fund due to the investment of it may be transferred
14 by the board to other funds or accounts of the program
15 to the extent the transfer does not reduce the amount
16 of that bond reserve fund below the bond reserve fund
17 requirement for it.

18 3. The board shall not at any time issue bonds,
19 secured in whole or in part by a bond reserve fund
20 if, upon the issuance of the bonds, the amount in
21 the bond reserve fund will be less than the bond
22 reserve fund requirement for the fund, unless the
23 board at the time of issuance of the bonds deposits
24 in the fund from the proceeds of the bonds issued
25 or from other sources an amount which, together with
26 the amount then in the fund will not be less than
27 the bond reserve fund requirement for the fund. For
28 the purposes of this section, the term "bond reserve
29 fund requirement" means, as of any particular date
30 of computation, an amount of money, as provided in
31 the bond resolutions of the board authorizing the
32 bonds with respect to which the fund is established,
33 equal to not more than ten percent of the outstanding
34 principal amount of bonds secured by the fund.

35 4. To assure the continued operation and solvency
36 of the board for the carrying out of its purposes,
37 provision is made in subsection one (1) of this section
38 for the accumulation in each bond reserve fund of
39 an amount equal to the bond reserve fund requirement
40 for the fund. In order further to assure maintenance
41 of the bond reserve funds, the board shall, on or
42 before July first of each calendar year, make and
43 deliver to the governor a certificate stating the
44 sum, if any, required to restore each bond reserve
45 fund to its bond reserve fund requirement. Within
46 thirty days after the beginning of the session of
47 the general assembly next following the delivery of
48 the certificate, the governor may submit to both
49 houses printed copies of a budget including any sum
50 required to restore each bond reserve fund to its

1 bond reserve fund requirement. Sums appropriated
2 by the general assembly and paid to the board pursuant
3 to this section shall be deposited by the board in
4 the applicable bond reserve fund.

5 5. Amounts paid over to the board by the state
6 pursuant to the provisions of this section shall
7 constitute and be accounted for as advances by the
8 state to the program and, subject to the rights of
9 the holders of any bonds or notes of the program,
10 shall be repaid to the state without interest from
11 all available operating revenues of the program in
12 excess of amounts required for the payment of bonds,
13 notes or obligations of the program, the bond reserve
14 fund and operating expenses.

15 6. The board shall cause to be delivered to the
16 legislative fiscal committee within ninety days of
17 the close of the fiscal year an annual report certified
18 by an independent certified public accountant, who
19 may be the accountant or a member of the firm of
20 accountants who regularly audits the books and accounts
21 of the program. In the event that the principal
22 amount of any bonds or notes deposited in a bond
23 reserve fund is withdrawn for payment of principal
24 or interest, reducing the amount of that fund to less
25 than the bond reserve fund requirement, the board
26 shall immediately notify the general assembly of this
27 event and shall take steps to restore the fund to
28 its bond reserve fund requirement from any amounts
29 available, other than principal of a bond issue, which
30 are not pledged to the payment of other bonds or
31 notes.

32 Sec. 17. NEW SECTION. REMEDIES OF BONDHOLDERS
33 AND NOTEHOLDERS.

34 1. If the board defaults in the payment of
35 principal or interest on an issue of bonds or notes
36 at maturity or upon call for redemption and the default
37 continues for a period of thirty days or if the board
38 fails or refuses to comply with the provisions of
39 this Act, or defaults in an agreement made with the
40 holders of an issue of bonds or notes, the holders
41 of twenty-five percent in aggregate principal amount
42 of bonds or notes of the issue then outstanding, by
43 instrument filed in the office of the clerk of Polk
44 county and proved or acknowledged in the same manner
45 as a deed to be recorded, may appoint a trustee to
46 represent the holders of the bonds or notes for the
47 purposes provided in this section.

48 2. The board or any trustee appointed under the
49 indenture under which the bonds are issued may, but
50 upon written request of the holders of twenty-five

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1 percent in aggregate principal amount of the issue
2 of bonds or notes then outstanding shall:

3 a. Enforce all rights of the bondholders or
4 noteholders including the right to require the board
5 to carry out the agreements with the holders and to
6 perform the duties under this Act.

7 b. Bring suit upon the bonds or notes.

8 c. By action require the board to account as if
9 it were the trustee of an express trust for the
10 holders.

11 d. By action enjoin any acts or things which are
12 unlawful or in violation of the rights of the holders.

13 e. Declare all the bonds or notes due and payable
14 and if all defaults are made good then with the consent
15 of the holders of twenty-five percent of the aggregate
16 principal amount of the issue of bonds or notes then
17 outstanding, annul the declaration and its
18 consequences.

19 3. The trustee shall also have all powers necessary
20 or appropriate for the exercise of functions
21 specifically set forth or incident to the general
22 representation of bondholders or noteholders in the
23 enforcement and protection of their rights.

24 4. Before declaring the principal of bonds or
25 notes due and payable, the trustee shall first give
26 thirty days notice in writing to the governor, to
27 the board and to the attorney general of the state.

28 5. The district court has jurisdiction of any
29 action by the trustee on behalf of bondholders or
30 noteholders. The venue of the action shall be in
31 Polk county.

32 Sec. 18. NEW SECTION. BONDS AND NOTES AS LEGAL
33 INVESTMENTS. Bonds and notes are securities in which
34 public officers, state departments and agencies,
35 political subdivisions, insurance companies and other
36 persons carrying on an insurance business, banks,
37 trust companies, savings and loan associations,
38 investment companies and other persons carrying on
39 a banking business, administrators, executors,
40 guardians, conservators, trustees and other fiduciaries
41 and other persons authorized to invest in bonds or
42 other obligations of this state may properly and
43 legally invest funds including capital in their control
44 or belonging to them. The bonds and notes are also
45 securities which may be deposited with and may be
46 received by public officers, state departments and
47 agencies and political subdivisions for any purpose
48 for which the deposit of bonds or other obligations
49 of this state is authorized.

50 Sec. 19. NEW SECTION. MONEYS OF THE PROGRAM.

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1 1. Moneys of the program, except as otherwise
2 provided in this Act, shall be paid to the board and
3 shall be deposited in a bank or other financial
4 institution designated by the board. The moneys shall
5 be withdrawn on the order of the person authorized
6 by the board. Deposits shall be secured in the manner
7 determined by the board. The auditor of state or
8 the auditor's legally authorized representatives may
9 periodically examine the accounts and books of the
10 program, including receipts, disbursements, contracts,
11 leases, sinking funds, investments and any other
12 records and papers relating to its financial standing,
13 and the program shall not be required to pay a fee
14 for the examination.

15 2. The board under the program may contract with
16 holders of bonds or notes as to the custody,
17 collection, security, investment and payment of moneys
18 of the program, of moneys held in trust or otherwise
19 for the payment of bonds or notes and to carry out
20 the contract. Moneys held in trust or otherwise for
21 the payment of bonds or notes or in any way to secure
22 bonds or notes and deposits of the moneys may be
23 secured in the same manner as moneys of the program
24 and banks and trust companies may give security for
25 the deposits.

26 3. Subject to the provisions of any contract with
27 bondholders or noteholders and to the approval of
28 the state comptroller, the board shall prescribe a
29 system of accounts.

30 4. The board shall submit to the governor, the
31 auditor of state and the state comptroller, within
32 thirty days of receipt, a copy of the report of every
33 external examination of the books and accounts of
34 the program other than copies of the reports of
35 examinations made by the auditor of state.

36 Sec. 20. NEW SECTION. LIMITATION OF LIABILITY.
37 The members of the board and persons acting in the
38 board's behalf, while acting within the scope of their
39 employment or agency, are not subject to personal
40 liability resulting from carrying out the powers and
41 duties given in this Act.

42 Sec. 21. NEW SECTION. ASSISTANCE BY STATE
43 OFFICERS, AGENCIES AND DEPARTMENTS. State officers
44 and state departments and agencies may render services
45 to the board under the program within their respective
46 functions as requested by the board.

47 Sec. 22. NEW SECTION. CONFLICTS OF INTEREST.

48 1. If a member or employee of the board, other
49 than the treasurer, has an interest, either direct
50 or indirect, in a contract to which the board is or

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1 is to be a party or in a mortgage lender requesting
2 a loan from or offering to sell mortgage or secured
3 loans to the board, the interest shall be disclosed
4 to the board in writing and shall be set forth in
5 the minutes. The member or employee having the
6 interest shall not participate in action by the board
7 with respect to that contract or mortgage lender.

8 2. This section does not limit the right of a
9 member or employee of the board to acquire an interest
10 in bonds or notes or limit the right of a member or
11 employee, other than the treasurer, to have an interest
12 in a bank or other financial institution in which
13 the funds of the program are deposited or which is
14 acting as trustee or paying agent under a trust
15 indenture to which the board is a party.

16 3. The treasurer shall not have an interest in
17 a bank or other financial institution in which the
18 funds of the program are deposited or which is acting
19 as trustee or paying agent under a trust indenture
20 to which the board is a party. The treasurer shall
21 not receive, in addition to fixed salary or
22 compensation, any money or valuable thing, either
23 directly or indirectly, or through any substantial
24 interest in any other corporation or business unit,
25 for negotiating, procuring, recommending or aiding
26 in any purchase or sale of property or loan made under
27 the program, nor shall the treasurer be pecuniarily
28 interested, either as principal, co-principal, agent
29 or beneficiary, either directly or indirectly or
30 through any substantial interest in any other
31 corporation or business unit, in any purchase, sale
32 or loan.

33 Sec. 23. NEW SECTION. EXEMPTION FROM COMPETITIVE
34 BID LAWS. The board and all contracts made by it
35 in carrying out the program's purposes under this
36 Act, are exempt from the laws of the state which
37 provide for competitive bids in connection with such
38 contracts.

39 Sec. 24. NEW SECTION. LIBERAL INTERPRETATION.
40 This Act, being necessary for the welfare of this
41 state and its inhabitants, shall be liberally construed
42 to effect its purposes."

43 2. By striking the title and inserting in lieu
44 thereof the words "An Act establishing the Iowa family
45 enterprise development board, authorizing the issuance
46 of bonds, prescribing its powers and duties."

H-5578 FILED
MARCH 19, 1980

BY COMMITTEE ON AGRICULTURE
PELLETT, Chair

*Adopted as amended by 5665,
5716, 5721, 5735, & 5754
2/27 (p. 1225)*

SENATE FILE 2243

H-5718

- 1 Amend the committee amendment, H-5578, to Senate
- 2 File 2243 as amended, passed and reprinted by the
- 3 Senate as follows:
- 4 1. Page 1, line 6, by striking the word
- 5 "Enterprise" and inserting in lieu thereof the word
- 6 "Farm".
- 7 2. Page 1, by striking lines 20 through 34.
- 8 3. Page 1, line 38, by striking the word
- 9 "enterprise" and inserting in lieu thereof the word
- 10 "farm".
- 11 4. Page 1, by striking lines 43 through page 2,
- 12 line 1.
- 13 5. Page 2, lines 22 and 23, by striking the words
- 14 "or business property".
- 15 6. Page 2, line 39, by striking the words "or
- 16 businessperson's".
- 17 7. Page 2, line 42, by striking the word
- 18 "enterprise" and inserting in lieu thereof the word
- 19 "farm".
- 20 8. Page 2, lines 48 and 49, by striking the words
- 21 "or business property".
- 22 9. Page 3, line 12, by striking the word
- 23 "enterprise" and inserting in lieu thereof the word
- 24 "farm".
- 25 10. Page 3, line 25, by striking the words "or
- 26 business".
- 27 11. Page 3, line 27, by striking the words
- 28 "businesspersons, beginning businesspersons".
- 29 12. Page 3, line 28, by striking the word
- 30 "enterprise" and inserting in lieu thereof the word
- 31 "farm".
- 32 13. Page 4, line 20, by striking the words "or
- 33 business".
- 34 14. Page 4, line 21, by striking the words "or
- 35 business".
- 36 15. Page 4, line 26, by striking the words "or
- 37 business".
- 38 16. Page 4, by striking lines 44 through 46 and
- 39 inserting in lieu thereof the word "farming."
- 40 17. Page 5, by striking lines 1 through 5.
- 41 18. Page 5, line 18, by striking the words "and
- 42 business".
- 43 19. Page 5, line 19, by striking the words "and
- 44 businesspersons".
- 45 20. Page 5, line 31, by striking the word
- 46 "enterprise" and inserting in lieu thereof the word
- 47 "farm".
- 48 21. Page 5, line 33, by striking the words "and
- 49 to" and inserting in lieu thereof the words "by
- 50 providing purchase money".

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Page Two

- 1 22. Page 5, by striking lines 34 and 35.
- 2 23. Page 5, line 36, by striking the words "and
- 3 businesspersons".
- 4 24. Page 5, lines 48 and 49, by striking the words
- 5 "or business property".
- 6 25. Page 6, line 3, by inserting after the word
- 7 "farmers" a period.
- 8 26. Page 6, by striking lines 4 and 5.
- 9 27. Page 7, line 9, by striking the words "and
- 10 businesspersons".
- 11 28. Page 7, lines 41 and 42, by striking the words
- 12 "and businessperson".
- 13 29. Page 7, by striking lines 47 and 48 and
- 14 inserting in lieu thereof the words "in terms of
- 15 number of loans and acres of agricultural land."
- 16 30. Page 8, line 2, by striking the words "or
- 17 business property".
- 18 31. Page 8, line 15, by striking the words "and
- 19 businesspersons".
- 20 32. Page 8, line 18, by striking the word
- 21 "ENTERPRISE" and inserting in lieu thereof the word
- 22 "FARM".
- 23 33. Page 8, line 21, by striking the word
- 24 "enterprise" and inserting in lieu thereof the word
- 25 "farm".
- 26 34. Page 8, lines 24 and 25, by striking the words
- 27 "and the acquisition of business property by beginning
- 28 businesspersons".
- 29 35. Page 8, by striking lines 30 and 31 and
- 30 inserting in lieu thereof the following: ". The
- 31 board may participate in".
- 32 36. Page 9, by striking lines 24 through page
- 33 10, line 10.
- 34 37. Page 10, line 22, by striking the words "AND
- 35 BUSINESSPERSONS".
- 36 38. Page 10, by striking lines 30 and 31 and
- 37 inserting in lieu thereof the words "agricultural
- 38 property."
- 39 39. Page 10, line 35, by striking the words "or
- 40 businessperson".
- 41 40. Page 11, line 3, by striking the words "or
- 42 businesspersons".
- 43 41. Page 11, line 10, by striking the words "or
- 44 businesspersons".
- 45 42. Page 12, line 49, by striking the words "or
- 46 businesspersons".
- 47 43. Page 13, line 6, by striking the words "or
- 48 businesspersons".
- 49 44. Page 22, line 45, by striking the word
- 50 "enterprise" and inserting in lieu thereof the word

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Page Three

10 Farm".

2 45. By numbering, renumbering and correcting
3 internal references as are necessary.

H-5718 FILED BY KREWSON of Polk
MARCH 26, 1980

W/2 2/27 (p 1212)

SENATE FILE 2243

H-5716

1 Amend the Committee amendment, H-5578, to Senate
2 File 2243, as amended, passed and reprinted by the
3 Senate, as follows:

4 1. Page 10, by inserting after line 20 the
5 following:

6 "5. The board shall establish by rule the
7 procedures, which may include a lottery system, which
8 the board itself or the individual mortgage lenders
9 may use to aid them in determining which applicants
10 for loans will be financed under the program whenever
11 the total amount of financing sought from the board
12 or individual mortgage lender, as the case may be,
13 by eligible applicants of equal merit exceeds the
14 amount of funds which are then available to the board
15 or that mortgage lender to satisfy those applicants."

H-5716 FILED BY EGENES of Story
MARCH 26, 1980

Law 2/27 (p 1221)

SENATE FILE 2243

H-5717

1 Amend the Committee amendment H-5578 to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate as follows:

4 1. Page 1, line 6, by striking the word "Family".

5 2. Page 1, line 38, by striking the word "family".

6 3. Page 2, line 15, by inserting after the word
7 "dollars" the words "as appraised by the board or
8 the board's designee".

9 4. Page 2, line 42, by striking the word "family".

10 5. Page 3, line 12, by striking the word "family".

11 6. Page 3, line 28, by striking the word "family".

12 7. Page 4, by striking lines 30 through page 5,
13 line 41.

14 8. Page 5, line 49, by inserting after the word
15 "basis" the words "for not more than two years".

16 9. Page 8, line 18, by striking the word "FAMILY".

17 10. Page 8, line 20, by striking the word "family".

18 11. Page 9, by inserting after line 13 the
19 following:

20 "_____. The beginning farmer has not previously
21 received financing under the program for the
22 acquisition of property similar in nature to the
23 property for which the loan is sought."

24 12. Page 10, by inserting after line 1 the
25 following:

26 "_____. The beginning businessperson has not
27 previously received financing under the program for
28 the acquisition of property similar in nature to the
29 property for which the loan is sought."

30 13. Page 10, line 16, by inserting after the
31 period the words "However, the board shall provide
32 and state in a mortgage or secured loan that the board
33 has the power to raise the interest rate of the loan
34 to the prevailing market rate if the mortgage or
35 secured loan is assumed by a farmer or businessperson
36 who is already established in that field at the time
37 of the assumption of the loan."

38 14. Page 10, by inserting after line 39 the
39 following:

40 "3. The beginning farmer or businessperson shall
41 provide the board with a financial statement which
42 shall be considered complete only if it sets forth
43 the financial liabilities of the beginning farmer
44 or businessperson, including liabilities to any member
45 of the immediate family or to a parent of the beginning
46 farmer or businessperson, or his or her spouse."

47 15. Page 22, line 44, by striking the word
48 "family".

49 16. Number and renumber as required by this
50 amendment.

H-5717 FILED

BY MILLER of Buchanan

MARCH 26, 1980

A. w/2 3/27 (p. 1211)
B. Adopted (1980)

SENATE FILE 2243

5714

- 1 Amend the committee amendment, H-5578, to Senate
- 2 File 2243 as amended, passed and reprinted by the
- 3 Senate as follows:
- 4 1. Page 2, by striking lines 2 through 8.
- 5 2. Page 2, line 46, by striking the words
- 6 "depreciable agricultural property or".
- 7 3. Page 4, lines 42 and 43, by striking the words
- 8 "and depreciable agricultural property".
- 9 4. Page 5, lines 47 and 48, by striking the words
- 10 "real or depreciable agricultural" and inserting in
- 11 lieu thereof the words "agricultural real".
- 12 5. Page 6, lines 2 and 3, by striking the words
- 13 "or depreciable agricultural".
- 14 6. Page 8, line 1, by striking the words "and
- 15 depreciable agricultural property".
- 16 7. Page 8, line 23, by striking the words " and
- 17 depreciable agricultural property".
- 18 8. Page 8, line 29, by striking the words "and
- 19 depreciable agricultural property".
- 20 9. Page 8, lines 42 and 43, by striking the words
- 21 "or the depreciable agricultural property".
- 22 10. Page 8, by striking line 50 and inserting
- 23 in lieu thereof the words "and agricultural
- 24 improvements".
- 25 11. Page 9, line 1, by striking the word
- 26 "property".
- 27 12. Page 9, line 6, by striking the words "If
- 28 the loan is".
- 29 13. Page 9, by striking lines 7 through 9.
- 30 14. Page 9, lines 14 and 15, by striking the words
- 31 "or depreciable agricultural property".
- 32 15. Page 10, lines 29 and 30, by striking the words
- 33 "or depreciable agricultural property".
- 34 16. By numbering, renumbering and correcting
- 35 internal references as are necessary.

H-5714 FILED

BY KREWSON of Polk

MARCH 26, 1980

Law 3/27 (p. 1216)

SENATE FILE 2243

H-5713

- 1 Amend amendment H-5578 to Senate File 2243, as
- 2 amended, passed and reprinted by the Senate, as
- 3 follows:
- 4 1. Page 9, line 1, by striking the word "four"
- 5 and inserting in lieu thereof the word "six".

H-5713 FILED

BY COCHRAN of Webster

MARCH 26, 1980

Law 3/27 (p. 1217)

SENATE FILE 2243

H-5665

1 Amend the amendment, H-5578, to Senate File 2243
2 as follows:
3 1. Page 7, by striking lines 23 and 24, and
4 inserting in lieu thereof the following: "to such
5 members of the general assembly as request it, not
6 later than January fifteenth of each year, a complete
7 and economically designed and reproduced report
8 relating".
9 2. Page 8, line 5, by striking the words "or
10 mental".

H-5665 FILED

BY CONLON of Muscatine

MARCH 25, 1980

(Adopted 3/27 (p. 1215))

SENATE FILE 2243

H-5672

1 Amend the committee amendment, H-5578, to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate as follows:
4 1. Page 9, by striking lines 10 through 13.
5 2. Page 9, by inserting after line 22 the
6 following:
7 "_____. If the beginning farmer is able to secure
8 a loan from conventional sources, the beginning farmer
9 shall only be eligible to receive up to fifty percent
10 of the amount of that loan under the program."
11 3. Page 9, by striking lines 47 through page 10,
12 line 1.
13 4. Page 10, by inserting after line 9 the
14 following:
15 "_____. If the beginning businessperson is able
16 to secure a loan from conventional sources, the
17 beginning businessperson shall only be eligible to
18 receive up to fifty percent of the amount of that
19 loan under the program."
20 5. By numbering and renumbering as required by
21 this amendment.

H-5672 FILED

BY MAULSBY of Calhoun

MARCH 25, 1980

4/15 3/27 (p. 1214)

SENATE FILE 2243

5719

- 1 Amend the Committee amendment, H-5578, to Senate
- 2 File 2243 as amended, passed and reprinted by the
- 3 Senate as follows:
- 4 1. Page 3, by striking lines 3 and 4, and inserting
- 5 in lieu thereof the following:
- 6 "19. "Executive director" means the executive
- 7 director of the Iowa housing finance authority."
- 8 2. Page 3, line 17, by striking the words "seven
- 9 members".
- 10 3. Page 3, by striking lines 19 and 20 and
- 11 inserting in lieu thereof the following: ". No".
- 12 4. Page 3, line 30, by striking the word
- 13 "appointed".
- 14 5. Page 3, line 32, by striking the word "two"
- 15 and inserting in lieu thereof the word "three".
- 16 6. Page 3, line 33, by striking the words "and two"
- 17 and inserting in lieu thereof the words "and three".
- 18 7. Page 3, line 37, by striking the words "An
- 19 appointed" and inserting in lieu thereof the word
- 20 "A".
- 21 8. Page 4, line 2, by striking the words "Appointed
- 22 members" and inserting in lieu thereof the word
- 23 "Members".
- 24 9. Page 4, line 12, by striking the words
- 25 "treasurer of state" and inserting in lieu thereof
- 26 the words "executive director".
- 27 10. Page 4, line 15, by striking the word
- 28 "appointed".
- 29 11. Page 4, line 15, by inserting after the word
- 30 "board" the words "and the executive director".
- 31 12. Page 4, by striking line 17 and inserting
- 32 in lieu thereof the words and figure:
- 33 "8. The executive director and staff of the Iowa
- 34 housing finance authority".
- 35 13. Page 4, line 18, by striking the word "office".
- 36 14. Page 4, line 19, by striking the word
- 37 "treasurer" and inserting in lieu thereof the words
- 38 "executive director".
- 39 15. Page 11, line 19, by striking the word
- 40 "treasurer" and inserting in lieu thereof the word
- 41 "board".
- 42 16. Page 15, line 3, by striking the word
- 43 "treasurer" and inserting in lieu thereof the words
- 44 "executive director".
- 45 17. Page 21, line 49, by striking the word
- 46 "treasurer" and inserting in lieu thereof the words
- 47 "executive director".
- 48 18. Page 22, line 11, by striking the word
- 49 "treasurer" and inserting in lieu thereof the words
- 50 "executive director".

'MARCH 27, 1980
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Page Two

- 1 19. Page 22, line 16, by striking the word
- 2 "treasurer" and inserting in lieu thereof the words
- 3 "executive director".
- 4 20. Page 22, line 20, by striking the word
- 5 "treasurer" and inserting in lieu thereof the words
- 6 "executive director".
- 7 21. Page 22, line 27, by striking the word
- 8 "treasurer" and inserting in lieu thereof the words
- 9 "executive director".
- 10 22. By numbering and renumbering as necessary.

H-5719 FILED

BY DAVITT of Warren

MARCH 26, 1980

Lord 3/27 (p 1818)

SENATE FILE 2243

H-5722

1 Amend the committee amendment, H-5578, to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate as follows:

4 1. Page 1, by inserting after line 19 the
5 following:

6 "____. "Bankhead-Jones Farm Tenant Act" means the
7 Act cited as 50 Stat. 522 (1937), formerly codified
8 as 7 U.S.C. s. 1000 et seq., repealed by Pub. L. No.
9 87-128 (1961)."

10 2. Page 22, by inserting after line 42 the
11 following:

12 "Sec. 25. NEW SECTION. AGENCY. The board shall
13 make application to and receive from the secretary
14 of agriculture of the United States, or any other
15 proper federal official, pursuant and subject to the
16 provisions of Pub. L. No. 499, 64 Stat. 152 (1950),
17 (formerly codified 40 U.S.C.s.440 et seq. (1976))
18 all of the trust assets held by the United States
19 in trust for the Iowa rural rehabilitation corporation
20 now dissolved.

21 Sec. 26. NEW SECTION. AGREEMENTS. The board
22 may enter into agreements with the secretary of
23 agriculture of the United States pursuant to Pub.
24 L. No. 499 s. 2(f) (1950) upon terms and conditions
25 and for periods of time as mutually agreeable,
26 authorizing the board to accept, administer, expend
27 and use in the state of Iowa all or any part of the
28 trust assets or other funds in the state of Iowa which
29 have been appropriated for use in carrying out the
30 purposes of the Bankhead-Jones Farm Tenant Act and
31 to do any and all things necessary to effectuate and
32 carry out the purposes of said agreements.

33 Sec. 27. NEW SECTION. ASSETS--ACCOUNT. The trust
34 assets received under the application made pursuant
35 to section twenty-five (25) of this Act other than
36 cash shall be taken on proper transfer or assignment
37 from the department of social services to the board
38 and administered as provided in this Act. These funds
39 may be used for any of the purposes of this Act,
40 including but not limited to costs of administration
41 and insuring or guaranteeing payment of all or a
42 portion of loans made pursuant to this Act.

43 Sec. 28. NEW SECTION. PROGRAMS IN PROGRESS.
44 The board shall complete the administration of programs
45 in progress on the effective date of this Act to the
46 extent that funds were committed, obligations incurred
47 or rights accrued prior to the effective date of this
48 Act under the programs authorized under sections two
49 hundred thirty-four point fifteen (234.15) through
50 two hundred thirty-four point twenty (234.20) of the

1 Code prior to the repeal of those sections by this
2 Act. Moneys received under this section shall be
3 deposited to the board.

4 Sec. 29. NEW SECTION. LIABILITY. The United
5 States, the board and the secretary of agriculture
6 of the United States shall be held free from liability
7 by virtue of the transfer of the assets to the board.
8 The board and persons acting in its behalf, while
9 acting within the scope of their employment or agency,
10 are not subject to personal liability resulting from
11 carrying out their powers and duties under this Act.

12 Sec. 30. NEW SECTION. TRANSFER OF EXISTING ASSETS
13 AND LIABILITIES. The trust assets and liabilities
14 of the former Iowa rural rehabilitation corporation
15 under the jurisdiction of the department of social
16 services shall be transferred to the jurisdiction
17 of the board on the effective date of this Act. The
18 board shall be the successor in interest to the
19 agreements in effect between the United States
20 government and the department of social services on
21 behalf of the state of Iowa on the effective date
22 of this Act.

23 Sec. 31. Sections two hundred thirty-four point
24 fifteen (234.15), through two hundred thirty-four
25 point twenty (234.20), Code 1979, are repealed."

26 3. Page 22, line 46, by inserting after the word
27 "duties" the words "and providing for its
28 administration of the Bankhead-Jones Farm Tenant Act
29 funds".

30 4. By numbering, renumbering and correcting
31 internal references as necessary.

H-5722 FILED BY COCHRAN of Webster
MARCH 27, 1980
LOST, MOTION TO RECONSIDER, LOST (p. 1214)

SENATE FILE 2243

H-5720

1 Amend the Committee amendment, H-5578, to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate as follows:

4 1. Page 9, by striking lines 10 through 13.

5 2. Page 9, by inserting after line 22 the
6 following:

7 "_____. If the beginning farmer is able to secure
8 a loan from conventional sources, the beginning farmer
9 shall only be eligible to receive up to fifty percent
10 of the total requested loan under this program."

11 3. Page 9, by striking lines 47 through page 10,
12 line 1.

13 4. Page 10, by inserting after line 9 the
14 following:

15 "_____. If the beginning businessperson is able
16 to secure a loan from conventional sources, the
17 beginning businessperson shall only be eligible to
18 receive up to fifty percent of the total requested
19 loan under this program."

20 5. By numbering and renumbering as required by
21 this amendment.

H-5720 FILED & LOST BY MAULSBY of Calhoun
MARCH 27, 1980 (p. 1226)

SENATE FILE 2243

H-5734

- 1 Amend the Committee amendment H-5578 to Senate
- 2 File 2243 as amended, passed and reprinted by the
- 3 Senate as follows:
- 4 1. Page 1, by striking line 34.

H-5734 FILED
MARCH 27, 1980
ADOPTED (*p. 1222*)

BY HALVORSON of Webster

MARCH 28, 1980

PAGE NINE

SENATE FILE 2243

H-5721

1 Amend the Committee amendment, H-5578, to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate, as follows:
4 1. Page 22, by inserting after line 42 the
5 following:
6 "Sec. _____. Section five hundred two point two
7 hundred two (502.202), Code 1979, as amended by Acts
8 of the Sixty-eighth General Assembly, 1979 Session,
9 chapter one hundred twenty (120), sections five (5)
10 and six (6), is amended by adding the following new
11 subsection:
12 NEW SUBSECTION. Any security issued by the Iowa
13 family enterprise development board under sections
14 one (1) through twenty-four (24) of this Act."
15 2. Page 22, line 46, by inserting after the word
16 "duties" the words "and exempting its securities from
17 the state uniform securities law".

H-5721 FILED
MARCH 27, 1980
ADOPTED (p 1256)

BY ANDERSON of Audubon HINKHOUSE of Cedar
BENNETT of Ida HUSAK of Tama
De GROOT of Lyon

SENATE FILE 2243

H-5733

1 Amend the Committee amendment H-5578 to Senate
2 File 2243 as amended, passed and reprinted by the
3 Senate as follows:
4 1. Page 9, by inserting after line 13 the
5 following:
6 "_____. The beginning farmer has not previously
7 received financing under the program for the
8 acquisition of property similar in nature to the
9 property for which the loan is sought. However, this
10 restriction shall not apply if the amount previously
11 received plus the amount of the loan sought does not
12 exceed four hundred thousand dollars."
13 2. Page 10, by inserting after line 1 the
14 following:
15 "_____. The beginning businessperson has not
16 previously received financing under the program for
17 the acquisition of property similar in nature to the
18 property for which the loan is sought. However, this
19 restriction shall not apply if the amount previously
20 received plus the amount of the loan sought does not
21 exceed four hundred thousand dollars."
22 3. Number and renumber as required by this
23 amendment.

H-5733 FILED
MARCH 27, 1980
ADOPTED (p 1257)

BY MILLER of Buchanan

SENATE CLIP SHEET

APRIL 1, 1980

House Amendment to Senate File 2243

S-5573

1 Amend Senate File 2243 as amended, passed and
2 reprinted as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. NEW SECTION. SHORT TITLE. This Act
6 may be cited as the "Iowa Family Enterprise Development
7 Act".

8 Sec. 2. NEW SECTION. DEFINITIONS. As used in
9 this Act, unless the context otherwise requires:

10 1. "Agricultural improvements" means any
11 improvements, buildings, structures or fixtures
12 suitable for use in farming which are located on
13 agricultural land. "Agricultural improvements"
14 includes a single-family dwelling located on
15 agricultural land which is or will be occupied by
16 the beginning farmer and structures attached to or
17 incidental to the use of the dwelling.

18 2. "Agricultural land" means land suitable for
19 use in farming.

20 3. "Beginning businessperson" means an individual
21 with a low or moderate net worth who engages in or
22 wishes to engage in a business involving one of the
23 following:

24 a. The manufacturing, processing or assembling
25 of agricultural or manufactured products.

26 b. A commercial enterprise involving the storing,
27 warehousing or distributing of products of agriculture,
28 mining or industry.

29 c. The retailing of products of agriculture,
30 mining or industry.

31 d. The construction of improvements, buildings,
32 structures or fixtures suitable for use in farming
33 or any other type of business.

34 4. "Beginning farmer" means an individual with
35 a low or moderate net worth who engages in farming
36 or wishes to engage in farming.

37 5. "Board" means the Iowa family enterprise
38 development board established pursuant to section
39 three (3) of this Act.

40 6. "Bonds" means bonds issued by the board under
41 this Act.

42 7. "Business property" means real property within
43 this state which is suitable for use as the principal
44 place of business of a beginning businessperson or
45 real or personal property suitable for use in the
46 business of the beginning businessperson for which
47 an income tax deduction for depreciation is allowable
48 in computing federal income tax under the Internal
49 Revenue Code of 1954 as defined in section four hundred
50 twenty-two point four (422.4) of the Code.

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1 8. "Depreciable agricultural property" means real
2 or personal property suitable for use in farming,
3 including agricultural improvements, for which an
4 income tax deduction for depreciation is allowable
5 in computing federal income tax under the Internal
6 Revenue Code of 1954 as defined in section four hundred
7 twenty-two point four (422.4) of the Code.

8 9. "Farming" means farming as defined in section
9 one hundred seventy-two C point one (172C.1),
10 subsection six (6), of the Code.

11 10. "Low or moderate net worth" means an aggregate
12 net worth of an individual and the individual's spouse
13 and children, if any, of less than one hundred thousand
14 dollars.

15 11. "Mortgage" means a mortgage, mortgage deed,
16 deed of trust, or other instrument creating a first
17 lien, subject only to title exceptions and encumbrances
18 acceptable to the board, including any subordinate
19 mortgage liens retained by a seller or conveyed to
20 a mortgage lender, on a fee interest in agricultural
21 land and agricultural improvements or business
22 property.

23 12. "Mortgage lender" means a bank, trust company,
24 mortgage company, national banking association, savings
25 and loan association, life insurance company, any
26 state or federal governmental agency or
27 instrumentality, including without limitation the
28 federal land bank or any of its local associations,
29 or any other financial institution or entity authorized
30 to make mortgage loans in this state.

31 13. "Mortgage loan" means a financial obligation
32 secured by a mortgage.

33 14. "Net worth" means total assets minus total
34 liabilities as determined in accordance with generally
35 accepted accounting principles with appropriate
36 exceptions and exemptions reasonably related to an
37 equitable determination of the beginning farmer's
38 or businessperson's net worth.

39 15. "Note" means a bond anticipation note issued
40 by the board under this Act.

41 16. "Program" means the Iowa family enterprise
42 development program established pursuant to section
43 ten (10) of this Act.

44 17. "Secured loan" means a financial obligation
45 secured by a chattel mortgage, security agreement
46 or other instrument creating a lien on an interest
47 in depreciable agricultural property or business
48 property.

49 18. "State agency" means any board, commission,
50 department, public officer, or other agency or

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1 authority of the state of Iowa.

2 19. "Treasurer" means the treasurer of the state
3 of Iowa.

4 The board may establish by rule further definitions
5 applicable to this Act and clarification of the
6 definitions in this section, as necessary to assure
7 eligibility for funds, insurance or guarantees
8 available under federal laws and to carry out the
9 public purposes of this Act.

10 Sec. 3. NEW SECTION. ESTABLISHMENT OF BOARD.

11 1. The Iowa family enterprise development board
12 is established and constituted a public instrumentality
13 and agency of the state exercising public and essential
14 governmental functions to establish and operate the
15 program. The board shall consist of nine members,
16 seven members appointed by the governor with the
17 approval of two-thirds of the members of the senate
18 and the treasurer and the state secretary of
19 agriculture who are ex officio voting members. No
20 more than five members shall belong to the same
21 political party. As far as possible the governor
22 shall include within the membership persons who
23 represent financial institutions experienced in
24 agricultural or business lending, the real estate
25 sales industry, farmers, beginning farmers,
26 businesspersons, beginning businesspersons and any
27 other person specially interested in family enterprise
28 development.

29 2. The appointed members of the board shall be
30 appointed by the governor for terms of six years
31 except that, of the first appointments, two members
32 shall be appointed for terms of two years and two
33 members shall be appointed for a term of four years.
34 A person appointed to fill a vacancy shall serve only
35 for the unexpired portion of the term. A member is
36 eligible for reappointment. An appointed member of
37 the board may be removed from office by the governor
38 for misfeasance, malfeasance or willful neglect of
39 duty or other just cause, after notice and hearing,
40 unless the notice and hearing is expressly waived
41 in writing.

42 3. Five members of the board constitute a quorum
43 and the affirmative vote of a majority of the members
44 is necessary for any recommendation made by the board.
45 The majority shall not include any member who has
46 a conflict of interest and a statement by a member
47 of a conflict of interest is conclusive for this
48 purpose. A vacancy in the membership does not impair
49 the right of a quorum to perform the functions and
50 duties of the board.

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1 4. Appointed members of the board are entitled
2 to receive forty dollars per diem for each day spent
3 in performance of their functions and duties as members
4 and reimbursement for all actual and necessary expenses
5 incurred in the performance of their functions and
6 duties as members.

7 5. Meetings of the board shall be held at the
8 call of the chairperson or when two members so request.

9 6. Members shall elect a chairperson and vice
10 chairperson annually, and other officers as they
11 determine. However, the treasurer of state shall
12 be the treasurer of the board and shall not serve
13 as any other officer of the board.

14 7. The appointed members of the board shall give
15 bond as required for public officers in chapter 64.

16 8. The treasurer and staff of the treasurer's
17 office shall serve as the staff of the board. The
18 treasurer shall advise the board on matters relating
19 to agricultural or business land and property and
20 agricultural or business finance, and carry out all
21 directives from the board, and may hire and supervise
22 additional staff pursuant to its directions and under
23 the provisions of chapter nineteen A (19A), of the
24 Code, except that principal administrative assistants
25 with responsibilities in beginning farm or business
26 loan programs, accounting, mortgage loan processing,
27 and investment portfolio management are exempt from
28 that chapter.

29 Sec. 4. NEW SECTION. LEGISLATIVE FINDINGS. The
30 general assembly finds and declares as follows:

31 1. The establishment of the program is in all
32 respects for the benefit of the people of the state
33 of Iowa, for the improvement of their health and
34 welfare and for the promotion of the economy, which
35 are public purposes.

36 2. The board will be performing an essential
37 governmental function in the exercise of the powers
38 and duties conferred by this Act.

39 3. There exists a serious problem in this state
40 regarding the ability of nonestablished farmers to
41 acquire agricultural land and improvements and
42 depreciable agricultural property in order to enter
43 farming and the ability of nonestablished
44 businesspersons to acquire business property in order
45 to start a business.

46 4. This barrier to entry into farming is conducive
47 to consolidation of acreage of agricultural land with
48 fewer individuals resulting in a grave threat to the
49 traditional family farm.

50 5. This barrier to starting a business is conducive

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1 to the continuing expansion of very large businesses
2 and the decrease in number of smaller independent
3 businesses resulting in a grave threat to the
4 traditional family business.

5 6. These conditions result in a loss in population,
6 unemployment and a movement of persons from rural
7 communities to urban areas accompanied by added costs
8 to communities for creation of new public facilities
9 and services.

10 7. One major cause of this condition has been
11 recurrent shortages of funds in private channels and
12 the high interest cost of borrowing.

13 8. The ordinary operations of private enterprise
14 and of existing programs of the federal government
15 have not in the past corrected these conditions.

16 9. A stable supply of adequate funds for
17 agricultural and business financing is required to
18 encourage beginning farmers and businesspersons in
19 an orderly and sustained manner and to reduce the
20 problems described in this section.

21 10. Article nine (IX), section three (3), of the
22 Constitution of the State of Iowa requires that, "The
23 General Assembly shall encourage, by all suitable
24 means, the promotion of intellectual, scientific,
25 moral, and agricultural improvement", and agricultural
26 improvement and the public good are served by a policy
27 of facilitating access to capital by beginning farmers
28 unable to obtain capital elsewhere in order to
29 preserve, encourage and protect the family farm.

30 11. It is necessary to create a family enterprise
31 development program to encourage ownership and
32 operation of farms by beginning farmers and to
33 encourage ownership and operation of businesses by
34 beginning businesspersons by providing purchase money
35 loans to beginning farmers and businesspersons who
36 are not able to obtain adequate capital elsewhere
37 and to lower costs through the use of public financing.

38 12. All of the purposes stated in this section
39 are public purposes and uses for which public moneys
40 may be borrowed, expended, advanced, loaned or granted.

41 Sec. 5. NEW SECTION. GUIDING PRINCIPLES. In
42 the performance of the duties, implementation of the
43 powers, and selection of specific projects to receive
44 assistance under this Act, the board shall be guided
45 by the following principles:

46 1. The board shall not become an owner of real
47 or depreciable agricultural property or business
48 property, except on a temporary basis where necessary
49 in order to implement the projects, to protect its
50 investments by means of foreclosure or other means,

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1 or to facilitate transfer of real or depreciable
2 agricultural property for the use of beginning farmers
3 or the transfer of business property for use of
4 beginning businesspersons.

5 2. The board shall exercise diligence and care
6 in selection of projects to receive assistance and
7 shall apply customary and acceptable business and
8 lending standards in selection and subsequent
9 implementation of the projects. The board may delegate
10 primary responsibility for determination and
11 implementation of the projects to any federal
12 governmental agency or instrumentality or state agency
13 which assumes any obligation to repay the loan, either
14 directly or by insurance or guarantee.

15 Sec. 6. NEW SECTION. GENERAL POWERS. The board
16 has all of the powers needed to carry out the program,
17 including but not limited to the power to:

18 1. Issue bonds and notes as provided in this Act
19 in order to finance the program.

20 2. Sue and be sued on behalf of the program.

21 3. Make and execute agreements, contracts and
22 other instruments, with any public or private entity,
23 including but not limited to any federal governmental
24 agency or instrumentality, in furtherance of the
25 program. The board may make and execute contracts
26 with mortgage lenders for the servicing of mortgage
27 and secured loans. All political subdivisions, other
28 public agencies and state agencies may enter into
29 contracts and otherwise cooperate with the board.

30 4. Acquire, hold, improve, mortgage, lease and
31 dispose of real and personal property, including but
32 not limited to, the power to sell at public or private
33 sale, with or without public bidding, any property,
34 mortgage or secured loan or other obligation held
35 by the board.

36 5. Procure insurance, including pool insurance
37 on any group of mortgage or secured loans, against
38 any loss in connection with the operations and property
39 interests of the program.

40 6. Fix and collect fees and charges for program
41 services.

42 7. Subject to any agreement with bondholders or
43 noteholders, invest or deposit moneys of the program
44 in any manner determined by the board, notwithstanding
45 the provisions of chapters four hundred fifty-two
46 (452), four hundred fifty-three (453) or four hundred
47 fifty-four (454) of the Code.

48 8. Accept appropriations, gifts, grants, loans,
49 or other aid from public or private entities. A
50 record of all gifts or grants, stating the type,

1 amount and donor, shall be clearly set out in the
2 board's annual report along with the record of other
3 receipts.

4 9. Provide technical assistance and counseling
5 related to the program's purposes.

6 10. In cooperation with other local, state or
7 federal governmental agencies or instrumentalities,
8 conduct studies of beginning farmer and businessperson
9 needs, and gather and compile data useful to facilitate
10 decision making.

11 11. Contract with architects, appraisers,
12 agronomists, soil conservationists, engineers,
13 attorneys, accountants, construction and finance
14 experts, and other advisors or enter into contracts
15 or agreements for such services with local, state
16 or federal governmental agencies.

17 12. Make, alter and repeal rules consistent with
18 the provisions of this Act, and subject to chapter
19 seventeen A (17A) of the Code.

20 Sec. 7. NEW SECTION. ANNUAL REPORT.

21 1. The board shall submit to the governor and
22 to such members of the general assembly as request
23 it, not later than January fifteenth of each year,
24 a complete and economically designed and reproduced
25 report relating to the program setting forth:

26 a. Its operations and accomplishments.

27 b. Its receipts and expenditures during the fiscal
28 year, in accordance with the classifications
29 established for operating and capital accounts.

30 c. Its assets and liabilities at the end of the
31 fiscal year and the status of reserve, special and
32 other funds.

33 d. A schedule of its bonds and notes outstanding
34 at the end of the fiscal year, together with a
35 statement of the amounts redeemed and issued during
36 the fiscal year.

37 e. A statement of its proposed and projected
38 activities.

39 f. Recommendations to the general assembly, as
40 it deems necessary.

41 g. An analysis of beginning farmer and
42 businessperson needs in the state.

43 2. The annual report shall identify performance
44 goals of the program, and clearly indicate the extent
45 of progress during the reporting period, in attaining
46 the goals. Where possible, results shall be expressed
47 in terms of number of loans, acres of agricultural
48 land and parcels of business real property.

49 Sec. 8. NEW SECTION. NONDISCRIMINATION.

50 1. The opportunity to acquire agricultural land

1 and improvements and depreciable agricultural property
2 or business property financed or otherwise assisted
3 by the board, directly or indirectly, is open to all
4 persons regardless of race, creed, color, sex, national
5 origin, age, physical impairment, or religion.

6 2. The board shall promote marketing plans for
7 the program.

8 Sec. 9. NEW SECTION. SURPLUS MONEYS. Moneys
9 declared by the board to be surplus moneys which are
10 not required to service bonds and notes, to pay
11 administrative expenses of the program or to accumulate
12 necessary operating or loss reserves, shall be used
13 by the board to provide loans, grants, subsidies,
14 and services to beginning farmers and businesspersons
15 through any of the projects established under the
16 program.

17 Sec. 10. NEW SECTION. FAMILY ENTERPRISE
18 DEVELOPMENT PROGRAM.

19 1. The board shall develop an Iowa family
20 enterprise development program to facilitate the
21 acquisition of agricultural land and improvements
22 and depreciable agricultural property by beginning
23 farmers and the acquisition of business property by
24 beginning businesspersons. The board shall exercise
25 the powers granted in this Act in order to fulfill
26 the goal of providing financial assistance to beginning
27 farmers in the acquisition of agricultural land and
28 improvements and depreciable agricultural property
29 and to beginning businesspersons in the acquisition
30 of business property. The board may participate in
31 and cooperate with programs of any federal governmental
32 agency or instrumentality or with any program of any
33 other state agency in the administration of the
34 program.

35 2. The board shall provide in the program that
36 a mortgage or secured loan to or on behalf of a
37 beginning farmer may only be provided if the following
38 criteria are satisfied:

39 a. The beginning farmer is a resident of the
40 state.

41 b. The agricultural land and improvements or the
42 depreciable agricultural property proposed to be
43 purchased will be located in the state.

44 c. The beginning farmer has sufficient education,
45 training, or experience in the type of farming for
46 which the loan is requested.

47 d. The program is financing the acquisition by
48 that beginning farmer of agricultural land,
49 agricultural improvements or depreciable agricultural
50 property totaling not more than four hundred thousand

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1 dollars in value.

2 e. If the loan is for the acquisition of
3 agricultural land, the beginning farmer has or will
4 have access to adequate working capital, farm
5 equipment, machinery or livestock. If the loan is
6 for the acquisition of depreciable agricultural
7 property, the beginning farmer has or will have access
8 to adequate working capital or agricultural land.

9 f. The board determines that the beginning farmer
10 is unable to secure financing from conventional sources
11 upon terms and conditions which the beginning farmer
12 reasonably could be expected to fulfill.

13 g. The beginning farmer has not previously received
14 financing under the program for the acquisition of
15 property similar in nature to the property for which
16 the loan is sought. However, this restriction shall
17 not apply if the amount previously received plus the
18 amount of the loan sought does not exceed four hundred
19 thousand dollars.

20 h. The agricultural land and improvements or
21 depreciable agricultural property shall only be used
22 for farming by the beginning farmer or his or her
23 family.

24 i. All or part of the loan is to be insured,
25 guaranteed or otherwise secured by the federal
26 government or a federal governmental agency or
27 instrumentality, a state agency or private mortgage
28 insurers.

29 j. Other criteria as the board prescribes by rule.

30 3. The board shall provide in the program that
31 a mortgage or secured loan to or on behalf of a
32 beginning businessperson may only be provided if the
33 following criteria are satisfied:

34 a. The beginning businessperson is a resident
35 of the state.

36 b. The business property proposed to be purchased
37 will be located in the state.

38 c. The beginning businessperson has sufficient
39 education, training, or experience in the type of
40 business for which the loan is requested.

41 d. The program is financing the acquisition by
42 that beginning businessperson of business property
43 totaling not more than four hundred thousand dollars
44 in value.

45 e. If the loan is for the acquisition of business
46 real property, the beginning businessperson has or
47 will have access to adequate working capital, business
48 equipment, machinery or fixtures. If the loan is
49 for the acquisition of business equipment, machinery
50 or fixtures, the beginning businessperson has or will

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1 have access to adequate working capital or business
2 real property.

3 f. The board determines that the beginning
4 businessperson is unable to secure financing from
5 conventional sources upon terms and conditions which
6 the beginning businessperson reasonably could be
7 expected to fulfill.

8 g. The beginning businessperson has not previously
9 received financing under the program for the
10 acquisition of property similar in nature to the
11 property for which the loan is sought. However, this
12 restriction shall not apply if the amount previously
13 received plus the amount of the loan sought does not
14 exceed four hundred thousand dollars.

15 h. The business property shall only be used for
16 a business engaged in by the beginning businessperson
17 or his or her family.

18 i. All of part of the loan is to be insured,
19 guaranteed or otherwise secured by the federal
20 government or a federal governmental agency or
21 instrumentality, a state agency or private mortgage
22 insurers.

23 j. Other criteria as the board prescribes by rule.

24 4. The board may provide in a mortgage or secured
25 loan that the loan may not be assumed without its
26 written consent and may provide a due-on-sale clause
27 with respect to an assignment without the requisite
28 consent. The board may provide by rule the grounds
29 for permitted assumptions of the loan. However, the
30 board shall provide and state in a mortgage or secured
31 loan that the board has the power to raise the interest
32 rate of the loan to the prevailing market rate if
33 the mortgage or secured loan is assumed by a farmer
34 or businessperson who is already established in that
35 field at the time of the assumption of the loan.
36 This provision controls with respect to a mortgage
37 or secured loan made or purchased by the board
38 notwithstanding the provisions of chapter five hundred
39 thirty-five (535) of the Code.

40 Sec. 11. NEW SECTION. LOANS TO BEGINNING FARMERS
41 AND BUSINESSPERSONS.

42 1. The board may make mortgage or secured loans,
43 limited to loans all or part of the amount of which
44 are insured, guaranteed, or otherwise secured by the
45 federal government or a federal governmental agency
46 or instrumentality, a state agency or private mortgage
47 insurers, to beginning farmers to provide financing
48 for agricultural land and improvements or depreciable
49 agricultural property or to beginning businesspersons
50 to provide financing for business property.

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1 2. Mortgage or secured loans shall contain terms
2 and provisions, including interest rates, and be in
3 a form established by rules of the board. The board
4 shall require the beginning farmer or businessperson
5 to execute any note, mortgage or security agreement
6 and furnish assurances and guarantees, including
7 insurance, reasonably related to protecting the
8 security of the loan, as the board deems necessary.

9 Sec. 12. NEW SECTION. LOANS TO MORTGAGE LENDERS.

10 1. The board may make and contract to make loans
11 to mortgage lenders on terms and conditions determined
12 to be reasonably related to protecting the security
13 of the program's investment and to implementing the
14 purposes of this Act. Mortgage lenders are authorized
15 to borrow from the board under the program in
16 accordance with the provisions of this section and
17 the rules of the board.

18 2. The board shall require the submission to the
19 board by each mortgage lender to which the board has
20 made a loan, of evidence satisfactory to the board
21 of the making of new mortgage or secured loans to
22 beginning farmers or businesspersons as required by
23 this section and in that connection may, through the
24 board's employees or agents, inspect the books and
25 records of a mortgage lender.

26 3. Compliance by a mortgage lender with the terms
27 of its agreement with the board with respect to the
28 making of new mortgage or secured loans to beginning
29 farmers or businesspersons may be enforced by decree
30 of any district court of this state. The board may
31 require as a condition of a loan to a national banking
32 association or a federally chartered savings and loan
33 association, the consent of the association to the
34 jurisdiction of courts of this state over any
35 enforcement proceeding. The board may also require,
36 as a condition of a loan to a mortgage lender,
37 agreement by the mortgage lender to the payment of
38 penalties to the treasurer for violation by the
39 mortgage lender of its agreement with the board, and
40 the penalties shall be recoverable at the suit of
41 the board.

42 4. The board shall require that each mortgage
43 lender receiving a loan pursuant to this section shall
44 issue and deliver to the board evidence of its
45 indebtedness to the board which shall constitute a
46 general obligation of the mortgage lender and shall
47 bear a date, mature at a time, be subject to prepayment
48 and contain other provisions consistent with this
49 section and reasonably related to protecting the
50 security of the program's investment, as the board

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1 determines.

2 5. Notwithstanding any other provision of this
3 section, the interest rate and other terms of loans
4 to mortgage lenders made from the proceeds of an issue
5 of bonds or notes of the board shall be at least
6 sufficient to assure the payment of the bonds or notes
7 and the interest on them as they become due.

8 6. The board may require that loans to mortgage
9 lenders are additionally secured as to payment of
10 both principal and interest by a pledge of and lien
11 upon collateral security by special escrow funds or
12 other forms of guarantee and in amounts and forms
13 as the board by resolution determines to be necessary
14 to assure the payment of the loans and the interest
15 as they become due. Collateral security shall consist
16 of direct obligations of or obligations guaranteed
17 by the United States or one of its agencies,
18 obligations satisfactory to the board which are issued
19 by other federal agencies, direct obligations of or
20 obligations guaranteed by a state or a political
21 subdivision of a state or investment quality
22 obligations approved by the board.

23 7. The board may require that collateral for loans
24 be deposited with a bank, trust company or other
25 financial institution acceptable to the board located
26 in this state and designated by the board as custodian.
27 In the absence of that requirement, each mortgage
28 lender shall enter into an agreement with the board
29 containing provisions the board deems necessary to
30 adequately identify and maintain the collateral,
31 service the collateral and require the mortgage lender
32 to hold the collateral as an agent for the board and
33 be accountable to the board as the trustee of an
34 express trust for the application and disposition
35 of the collateral and the income from it. The board
36 may also establish additional requirements the board
37 deems necessary with respect to the pledging,
38 assigning, setting aside or holding of collateral
39 and the making of substitutions for it or additions
40 to it and the disposition of income and receipts from
41 it.

42 8. The board may require as a condition of loans
43 to mortgage lenders any representations and warranties
44 the board determines are necessary to secure the loans
45 and carry out the purposes of this section.

46 9. If a provision of this section is inconsistent
47 with a provision of law of this state governing
48 mortgage lenders, the provision of this section
49 controls for the purposes of this section.

50 Sec. 13. NEW SECTION. PURCHASE OF MORTGAGE OR

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1 SECURED LOANS.

2 1. The board may purchase and make advance
3 commitments to purchase mortgage or secured loans
4 from mortgage lenders at prices and upon terms and
5 conditions as the board determines. However, the
6 total purchase price for all mortgage or secured loans
7 which the board commits to purchase from a mortgage
8 lender at any one time shall not exceed the total
9 of the unpaid principal balances of the loans
10 purchased. Mortgage lenders are authorized to sell
11 mortgage or secured loans to the board in accordance
12 with the provisions of this section and the rules
13 of the board.

14 2. The board shall require the submission to the
15 board by each mortgage lender from which the board
16 has purchased loans of evidence satisfactory to the
17 board of the making of mortgage or secured loans to
18 beginning farmers or businesspersons as required by
19 this section and in that connection may, through the
20 board's employees or agents, inspect the books and
21 records of a mortgage lender.

22 3. Compliance by a mortgage lender with the terms
23 of its agreement with the board with respect to the
24 making of mortgage or secured loans to beginning
25 farmers or businesspersons may be enforced by decree
26 of any district court of this state. The board may
27 require as a condition of purchase of loans from any
28 national banking association or federally chartered
29 savings and loan association the consent of the
30 association to the jurisdiction of courts of this
31 state over any enforcement proceeding. The board
32 may also require as a condition of the purchase of
33 loans from a mortgage lender agreement by the mortgage
34 lender to the payment of penalties to the board for
35 violation by the mortgage lender of its agreement
36 with the board and the penalties shall be recoverable
37 at the suit of the board.

38 4. The board may require as a condition of purchase
39 of a loan from a mortgage lender that the mortgage
40 lender make representations and warranties the board
41 requires. A mortgage lender is liable to the board
42 for damages suffered by the board by reason of the
43 untruth of a representation or the breach of a warranty
44 and, in the event that a representation proves to
45 be untrue when made or in the event of a breach of
46 warranty, the mortgage lender shall, at the option
47 of the board, repurchase the loan for the original
48 purchase price adjusted for amounts subsequently paid
49 on it, as the board determines.

50 5. If a provision of this section is inconsistent

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1 with another provision of law of this state governing
2 mortgage lenders, the provision of this section
3 controls for the purposes of this section.

4 Sec. 14. NEW SECTION. POWERS RELATING TO LOANS.

5 Subject to any agreement with bondholders or
6 noteholders, the board may renegotiate a mortgage
7 or secured loan or a loan to a mortgage lender in
8 default, waive a default or consent to the modification
9 of the terms of a mortgage or secured loan or a loan
10 to a mortgage lender, forgive or forbear all or part
11 of a mortgage or secured loan or a loan to a mortgage
12 lender and commence, prosecute and enforce a judgment
13 in any action, including but not limited to a
14 foreclosure action, to protect or enforce any right
15 conferred upon the board by law, mortgage or secured
16 loan agreement, contract or other agreement and in
17 connection with any action, bid for and purchase the
18 property or acquire or take possession of it, complete,
19 administer, pay the principal of and interest on any
20 obligations incurred in connection with the property
21 and dispose of and otherwise deal with the property
22 in a manner the board deems advisable to protect the
23 program's interests.

24 Sec. 15. NEW SECTION. BONDS AND NOTES.

25 1. The board may issue bonds and notes in principal
26 amounts which are necessary to provide sufficient
27 funds for achievement of the purposes of the program,
28 the payment of interest on bonds and notes, the
29 establishment of reserves to secure bonds and notes
30 and all other expenditures of the board incident to
31 and necessary or convenient to carry out the purposes
32 of the program. However, the board may not have a
33 total principal amount of bonds and notes outstanding
34 at any time in excess of two hundred million dollars.
35 The bonds and notes shall be deemed to be investment
36 securities and negotiable instruments within the
37 meaning of and for all purposes of the uniform
38 commercial code.

39 2. Bonds and notes are payable solely and only
40 out of the moneys, assets or revenues of the program
41 and as provided in the agreement with bondholders
42 or noteholders pledging any particular moneys, assets
43 or revenues. Bonds or notes are not an obligation
44 of this state or any political subdivision of this
45 state within the meaning of any constitutional or
46 statutory debt limitations, but are special obligations
47 payable solely and only from the sources provided
48 in this Act, and the board shall not pledge the credit
49 or taxing power of this state or any political
50 subdivision of this state or make the program's debts

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1 payable out of any moneys except those of the program.

2 3. Bonds and notes must be authorized by a
3 resolution of the board. However, the resolution
4 may delegate to an officer of the board the power
5 to negotiate and fix the details of an issue of bonds
6 or notes by an appropriate certificate of the
7 authorized officer.

8 4. Bonds shall:

9 a. State the date and series of the issue, be
10 consecutively numbered and state on their face that
11 they are payable both as to principal and interest
12 solely out of the assets of the program and do not
13 constitute an indebtedness of this state or any
14 political subdivision of this state within the meaning
15 of any constitutional or statutory debt limit.

16 b. Be either registered, registered as to principal
17 only, or in coupon form, issued in denominations as
18 the board prescribes, fully negotiable instruments
19 under the laws of this state, signed on behalf of
20 the board with the manual or facsimile signature of
21 the chairperson or vice chairperson, attested by the
22 manual or facsimile signature of the treasurer, have
23 impressed or imprinted thereon the seal of the state
24 of Iowa or a facsimile of it, and the coupons attached
25 shall be signed with the facsimile signature of the
26 chairperson or vice chairperson, be payable as to
27 interest at rates and at times as the board determines,
28 be payable as to principal at times over a period
29 not to exceed fifty years from the date of issuance,
30 at places and with reserved rights of prior redemption,
31 as the board prescribes, be sold at prices, at public
32 or private sale, and in a manner as the board
33 prescribes, and the board may pay all expenses,
34 premiums and commissions which the board deems
35 necessary or advantageous in connection with the
36 issuance and sale, and be issued under and subject
37 to the terms, conditions and covenants providing for
38 the payment of the principal, redemption premiums,
39 if any, interest and other terms, conditions, covenants
40 and protective provisions safeguarding payment, not
41 inconsistent with this Act, as are found to be
42 necessary by the board for the most advantageous sale,
43 which may include, but are not limited to, covenants
44 with the holders of the bonds as to:

45 (1) Pledging or creating a lien, to the extent
46 provided by the resolution, on moneys or property
47 of the program or moneys held in trust or otherwise
48 by others to secure the payment of the bonds.

49 (2) Providing for the custody, collection,
50 securing, investment and payment of any moneys of

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1 or due to the program.

2 (3) The setting aside of reserves or sinking funds
3 and the regulation or disposition of them.

4 (4) Limitations on the purpose to which the
5 proceeds of sale of an issue of bonds then or
6 thereafter to be issued may be applied.

7 (5) Limitations on the issuance of additional
8 bonds and on the refunding of outstanding or other
9 bonds.

10 (6) The procedure by which the terms of a contract
11 with the holders of bonds may be amended or abrogated,
12 the amount of bonds the holders of which must consent
13 thereto and the manner in which consent may be given.

14 (7) The creation of special funds into which
15 moneys of the program may be deposited.

16 (8) Vesting in an indentured trustee properties,
17 rights, powers and duties in trust.

18 (9) Defining the acts or omissions which constitute
19 a default in the obligations and duties of the board
20 and providing for the rights and remedies of the
21 holders of bonds in the event of a default. However,
22 rights and remedies shall be consistent with the laws
23 of this state and other provisions of this Act.

24 (10) Any other matters which affect the security
25 and protection of the bonds and the rights of the
26 holders.

27 5. The board may issue bonds for the purpose of
28 refunding any bonds or notes of the program then
29 outstanding, including the payment of any redemption
30 premiums and any interest accrued or to accrue to
31 the date of redemption of the outstanding bonds or
32 notes. Until the proceeds of bonds issued for the
33 purpose of refunding outstanding bonds or notes are
34 applied to the purchase or retirement of outstanding
35 bonds or notes or the redemption of outstanding bonds
36 or notes, the proceeds may be placed in escrow and
37 be invested and reinvested in accordance with the
38 provisions of this Act. The interest, income and
39 profits earned or realized on an investment may also
40 be applied to the payment of the outstanding bonds
41 or notes to be refunded by purchase, retirement or
42 redemption. After the terms of the escrow have been
43 fully satisfied and carried out, any balance of
44 proceeds and interest earned or realized on the
45 investments may be returned to the program for use
46 in any lawful manner. All refunding bonds shall be
47 issued and secured and subject to the provisions of
48 this Act in the same manner and to the same extent
49 as other bonds.

50 6. The board may issue negotiable bond anticipation

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1 notes and may renew them from time to time but the
2 maximum maturity of the notes, including renewals,
3 shall not exceed ten years from the date of issue
4 of the original notes. Notes are payable from any
5 available moneys of the program not otherwise pledged
6 or from the proceeds of the sale of bonds in
7 anticipation of which the notes were issued. Notes
8 may be issued for any purpose of the program. Notes
9 shall be issued in the same manner as bonds and notes
10 and the resolution authorizing them may contain any
11 provisions, conditions or limitations, not inconsistent
12 with the provisions of this subsection, which the
13 bonds or a bond resolution may contain. Notes may
14 be sold at public or private sale. In case of default
15 on notes or violation of any obligations of the board
16 to the noteholders, the noteholders shall have all
17 the remedies provided in this Act for bondholders.
18 Notes shall be as fully negotiable as bonds of the
19 program.

20 7. A copy of each pledge agreement by or to the
21 board, including without limitation each bond
22 resolution, indenture of trust or similar agreement,
23 or any revisions or supplements to it shall be filed
24 with the secretary of state and no further filing
25 or other action under article nine (9) of the uniform
26 commercial code, or any other law of the state shall
27 be required to perfect the security interest in the
28 collateral or any additions to it or substitutions
29 for it and the lien and trust so created shall be
30 binding from and after the time made against all
31 parties having claims of any kind in tort, contract
32 or otherwise against the pledgor.

33 8. The members of the board and any person
34 executing bonds, notes or other obligations are not
35 liable personally on the bonds, notes or other
36 obligations or subject to personal liability or
37 accountability by reason of the issuance of the bonds
38 or notes.

39 9. The board shall publish a notice of intention
40 to issue bonds or notes in a newspaper published and
41 of general circulation in the state. The notice shall
42 include a statement of the maximum amount of bonds
43 or notes proposed to be issued, and in general, what
44 net revenues will be pledged to pay the bonds or notes
45 and interest thereon. An action shall not be brought
46 questioning the legality of the bonds or notes or
47 the power of the board to issue the bonds or notes
48 or to the legality of any proceedings in connection
49 with the authorization or issuance of the bonds or
50 notes after sixty days from the date of publication

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1 of the notice.

2 Sec. 16. NEW SECTION. RESERVE FUNDS AND
3 APPROPRIATIONS.

4 1. The board may create and establish for the
5 program one or more special funds, each to be known
6 as a "bond reserve fund" and shall pay into each bond
7 reserve fund any moneys appropriated and made available
8 by the state for the purpose of the fund, any proceeds
9 of sale of notes or bonds to the extent provided in
10 the bond resolutions of the board authorizing their
11 issuance and any other moneys which are available
12 to the board for the purpose of the fund from any
13 other sources. Moneys held in a bond reserve fund,
14 except as otherwise provided in this Act, shall be
15 used as required solely for the payment of the
16 principal of bonds secured in whole or in part by
17 the fund or of the sinking fund payments with respect
18 to the bonds, the purchase or redemption of the bonds,
19 the payment of interest on the bonds or the payments
20 of any redemption premium required to be paid when
21 the bonds are redeemed prior to maturity.

22 2. Moneys in a bond reserve fund shall not be
23 withdrawn from it in an amount that will reduce the
24 amount of the fund to less than the bond reserve fund
25 requirement established for the fund, as provided
26 in this section, except for the purpose of making
27 payment when due of principal, interest, redemption
28 premiums and the sinking fund payments with respect
29 to the bonds for the payment of which other moneys
30 of the program are not available. Any income or
31 interest earned by, or incremental to, a bond reserve
32 fund due to the investment of it may be transferred
33 by the board to other funds or accounts of the program
34 to the extent the transfer does not reduce the amount
35 of that bond reserve fund below the bond reserve fund
36 requirement for it.

37 3. The board shall not at any time issue bonds,
38 secured in whole or in part by a bond reserve fund
39 if, upon the issuance of the bonds, the amount in
40 the bond reserve fund will be less than the bond
41 reserve fund requirement for the fund, unless the
42 board at the time of issuance of the bonds deposits
43 in the fund from the proceeds of the bonds issued
44 or from other sources an amount which, together with
45 the amount then in the fund will not be less than
46 the bond reserve fund requirement for the fund. For
47 the purposes of this section, the term "bond reserve
48 fund requirement" means, as of any particular date
49 of computation, an amount of money, as provided in
50 the bond resolutions of the board authorizing the

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1 bonds with respect to which the fund is established,
2 equal to not more than ten percent of the outstanding
3 principal amount of bonds secured by the fund.

4 4. To assure the continued operation and solvency
5 of the board for the carrying out of its purposes,
6 provision is made in subsection one (1) of this section
7 for the accumulation in each bond reserve fund of
8 an amount equal to the bond reserve fund requirement
9 for the fund. In order further to assure maintenance
10 of the bond reserve funds, the board shall, on or
11 before July first of each calendar year, make and
12 deliver to the governor a certificate stating the
13 sum, if any, required to restore each bond reserve
14 fund to its bond reserve fund requirement. Within
15 thirty days after the beginning of the session of
16 the general assembly next following the delivery of
17 the certificate, the governor may submit to both
18 houses printed copies of a budget including any sum
19 required to restore each bond reserve fund to its
20 bond reserve fund requirement. Sums appropriated
21 by the general assembly and paid to the board pursuant
22 to this section shall be deposited by the board in
23 the applicable bond reserve fund.

24 5. Amounts paid over to the board by the state
25 pursuant to the provisions of this section shall
26 constitute and be accounted for as advances by the
27 state to the program and, subject to the rights of
28 the holders of any bonds or notes of the program,
29 shall be repaid to the state without interest from
30 all available operating revenues of the program in
31 excess of amounts required for the payment of bonds,
32 notes or obligations of the program, the bond reserve
33 fund and operating expenses.

34 6. The board shall cause to be delivered to the
35 legislative fiscal committee within ninety days of
36 the close of the fiscal year an annual report certified
37 by an independent certified public accountant, who
38 may be the accountant or a member of the firm of
39 accountants who regularly audits the books and accounts
40 of the program. In the event that the principal
41 amount of any bonds or notes deposited in a bond
42 reserve fund is withdrawn for payment of principal
43 or interest, reducing the amount of that fund to less
44 than the bond reserve fund requirement, the board
45 shall immediately notify the general assembly of this
46 event and shall take steps to restore the fund to
47 its bond reserve fund requirement from any amounts
48 available, other than principal of a bond issue, which
49 are not pledged to the payment of other bonds or
50 notes.

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1 Sec. 17. NEW SECTION. REMEDIES OF BONDHOLDERS
2 AND NOTEHOLDERS.

3 1. If the board defaults in the payment of
4 principal or interest on an issue of bonds or notes
5 at maturity or upon call for redemption and the default
6 continues for a period of thirty days or if the board
7 fails or refuses to comply with the provisions of
8 this Act, or defaults in an agreement made with the
9 holders of an issue of bonds or notes, the holders
10 of twenty-five percent in aggregate principal amount
11 of bonds or notes of the issue then outstanding, by
12 instrument filed in the office of the clerk of Polk
13 county and proved or acknowledged in the same manner
14 as a deed to be recorded, may appoint a trustee to
15 represent the holders of the bonds or notes for the
16 purposes provided in this section.

17 2. The board or any trustee appointed under the
18 indenture under which the bonds are issued may, but
19 upon written request of the holders of twenty-five
20 percent in aggregate principal amount of the issue
21 of bonds or notes then outstanding shall:

22 a. Enforce all rights of the bondholders or
23 noteholders including the right to require the board
24 to carry out the agreements with the holders and to
25 perform the duties under this Act.

26 b. Bring suit upon the bonds or notes.

27 c. By action require the board to account as if
28 it were the trustee of an express trust for the
29 holders.

30 d. By action enjoin any acts or things which are
31 unlawful or in violation of the rights of the holders.

32 e. Declare all the bonds or notes due and payable
33 and if all defaults are made good then with the consent
34 of the holders of twenty-five percent of the aggregate
35 principal amount of the issue of bonds or notes then
36 outstanding, annul the declaration and its
37 consequences.

38 3. The trustee shall also have all powers necessary
39 or appropriate for the exercise of functions
40 specifically set forth or incident to the general
41 representation of bondholders or noteholders in the
42 enforcement and protection of their rights.

43 4. Before declaring the principal of bonds or
44 notes due and payable, the trustee shall first give
45 thirty days notice in writing to the governor, to
46 the board and to the attorney general of the state.

47 5. The district court has jurisdiction of any
48 action by the trustee on behalf of bondholders or
49 noteholders. The venue of the action shall be in
50 Polk county.

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1 Sec. 18. NEW SECTION. BONDS AND NOTES AS LEGAL
2 INVESTMENTS. Bonds and notes are securities in which
3 public officers, state departments and agencies,
4 political subdivisions, insurance companies and other
5 persons carrying on an insurance business, banks,
6 trust companies, savings and loan associations,
7 investment companies and other persons carrying on
8 a banking business, administrators, executors,
9 guardians, conservators, trustees and other fiduciaries
10 and other persons authorized to invest in bonds or
11 other obligations of this state may properly and
12 legally invest funds including capital in their control
13 or belonging to them. The bonds and notes are also
14 securities which may be deposited with and may be
15 received by public officers, state departments and
16 agencies and political subdivisions for any purpose
17 for which the deposit of bonds or other obligations
18 of this state is authorized.

19 Sec. 19. NEW SECTION. MONEYS OF THE PROGRAM.

20 1. Moneys of the program, except as otherwise
21 provided in this Act, shall be paid to the board and
22 shall be deposited in a bank or other financial
23 institution designated by the board. The moneys shall
24 be withdrawn on the order of the person authorized
25 by the board. Deposits shall be secured in the manner
26 determined by the board. The auditor of state or
27 the auditor's legally authorized representatives may
28 periodically examine the accounts and books of the
29 program, including receipts, disbursements, contracts,
30 leases, sinking funds, investments and any other
31 records and papers relating to its financial standing,
32 and the program shall not be required to pay a fee
33 for the examination.

34 2. The board under the program may contract with
35 holders of bonds or notes as to the custody,
36 collection, security, investment and payment of moneys
37 of the program, of moneys held in trust or otherwise
38 for the payment of bonds or notes and to carry out
39 the contract. Moneys held in trust or otherwise for
40 the payment of bonds or notes or in any way to secure
41 bonds or notes and deposits of the moneys may be
42 secured in the same manner as moneys of the program
43 and banks and trust companies may give security for
44 the deposits.

45 3. Subject to the provisions of any contract with
46 bondholders or noteholders and to the approval of
47 the state comptroller, the board shall prescribe a
48 system of accounts.

49 4. The board shall submit to the governor, the
50 auditor of state and the state comptroller, within

1 thirty days of receipt, a copy of the report of every
2 external examination of the books and accounts of
3 the program other than copies of the reports of
4 examinations made by the auditor of state.

5 Sec. 20. NEW SECTION. LIMITATION OF LIABILITY.
6 The members of the board and persons acting in the
7 board's behalf, while acting within the scope of their
8 employment or agency, are not subject to personal
9 liability resulting from carrying out the powers and
10 duties given in this Act.

11 Sec. 21. NEW SECTION. ASSISTANCE BY STATE
12 OFFICERS, AGENCIES AND DEPARTMENTS. State officers
13 and state departments and agencies may render services
14 to the board under the program within their respective
15 functions as requested by the board.

16 Sec. 22. NEW SECTION. CONFLICTS OF INTEREST.

17 1. If a member or employee of the board, other
18 than the treasurer, has an interest, either direct
19 or indirect, in a contract to which the board is or
20 is to be a party or in a mortgage lender requesting
21 a loan from or offering to sell mortgage or secured
22 loans to the board, the interest shall be disclosed
23 to the board in writing and shall be set forth in
24 the minutes. The member or employee having the
25 interest shall not participate in action by the board
26 with respect to that contract or mortgage lender.

27 2. This section does not limit the right of a
28 member or employee of the board to acquire an interest
29 in bonds or notes or limit the right of a member or
30 employee, other than the treasurer, to have an interest
31 in a bank or other financial institution in which
32 the funds of the program are deposited or which is
33 acting as trustee or paying agent under a trust
34 indenture to which the board is a party.

35 3. The treasurer shall not have an interest in
36 a bank or other financial institution in which the
37 funds of the program are deposited or which is acting
38 as trustee or paying agent under a trust indenture
39 to which the board is a party. The treasurer shall
40 not receive, in addition to fixed salary or
41 compensation, any money or valuable thing, either
42 directly or indirectly, or through any substantial
43 interest in any other corporation or business unit,
44 for negotiating, procuring, recommending or aiding
45 in any purchase or sale of property or loan made under
46 the program, nor shall the treasurer be pecuniarily
47 interested, either as principal, co-principal, agent
48 or beneficiary, either directly or indirectly or
49 through any substantial interest in any other
50 corporation or business unit, in any purchase, sale

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1 or loan.

2 Sec. 23. NEW SECTION. EXEMPTION FROM COMPETITIVE
3 BID LAWS. The board and all contracts made by it
4 in carrying out the program's purposes under this
5 Act, are exempt from the laws of the state which
6 provide for competitive bids in connection with such
7 contracts.

8 Sec. 24. NEW SECTION. LIBERAL INTERPRETATION.
9 This Act, being necessary for the welfare of this
10 state and its inhabitants, shall be liberally construed
11 to effect its purposes."

12 Sec. 25. Section five hundred two point two hundred
13 two (502.202), Code 1979, as amended by Acts of the
14 Sixty-eighth General Assembly, 1979 Session, chapter
15 one hundred twenty (120), sections five (5) and six
16 (6), is amended by adding the following new subsection:

17 NEW SUBSECTION. Any security issued by the Iowa
18 family enterprise development board under sections
19 one (1) through twenty-four (24) of this Act."

20 2. By striking the title and inserting in lieu
21 thereof the words "An Act establishing the Iowa family
22 enterprise development board, authorizing the issuance
23 of bonds, prescribing its powers and duties and
24 exempting its securities from the state uniform
25 securities law."

S-5573 FILED
MARCH 31, 1980

RECEIVED FROM THE HOUSE

Senate referred to committee 4/2 (p 1209)
House reported 4/10 (p 1444)

SENATE CLIP SHEET
APRIL 26, 1980
REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 2243

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to consider the differences between the Senate and the House of Representatives on Senate File 2243, a bill for an Act establishing the Iowa family farm development authority, authorizing the issuance of bonds, prescribing its powers and duties and providing for its administration of the Bankhead-Jones Farm Tenant Act funds, respectfully make the following report:

1. That the House recedes from its amendment, S-5573, to Senate File 2243, as amended, passed and reprinted by the Senate.
2. That Senate File 2243, as amended, passed and reprinted by the Senate, be amended as follows:
 1. Page 1, line 13, by inserting after the word "land" the words "which is or will be occupied by the beginning farmer".
 2. Page 1, by inserting after line 24 the following:

"___ . "Depreciable agricultural property" means personal property suitable for use in farming for which an income tax deduction for depreciation is allowable in computing federal income tax under the Internal Revenue Code of 1954 as defined in section four hundred twenty-two point four (422.4) of the Code."
 3. Page 2, by inserting after line 19, the following:

"___ . "Secured loan" means a financial obligation secured by a chattel mortgage, security agreement or other instrument creating a lien on an interest in depreciable agricultural property."
 4. Page 3, line 1, by inserting after the word "improvements" the words "and depreciable agricultural property".

5. Page 3, line 3, by inserting after the word "of" the words "eleven members with".

6. Page 3, line 5, by inserting after the word "senate." the words "The treasurer of the state and the state secretary of agriculture are ex officio nonvoting members."

7. Page 3, line 12, by striking the word "Members" and inserting in lieu thereof the words "The appointed members".

8. Page 3, line 18, by striking the word "A" and inserting in lieu thereof the words "An appointed".

9. Page 3, line 22, by striking the word "A" and inserting in lieu thereof the words "An appointed".

10. Page 3, line 24, by striking the word "Five" and inserting in lieu thereof the word "Six".

11. Page 3, line 25, by inserting before the word "members" the word "voting".

12. Page 3, line 32, by striking the word "Members" and inserting in lieu thereof the words "The appointed members".

13. Page 4, line 2, by striking the word "Members" and inserting in lieu thereof the words "The appointed members".

14. Page 4, line 7, by striking the word "Members" and inserting in lieu thereof the words "The appointed members".

15. Page 4, line 29, by inserting after the word "improvements" the words "and depreciable agricultural property".

16. Page 6, line 4, by inserting after the word "real" the words "or depreciable".

17. Page 6, line 8, by inserting after the word "real" the words "or depreciable".

18. Page 6, line 19, by inserting after the word "land" the words "and improvements and depreciable agricultural property".

19. Page 7, line 4, by inserting after the word "mortgage" the words "and secured".

20. Page 7, line 11, by inserting after the word "mortgage" the words "or secured".

21. Page 7, line 15, by inserting after the word "mortgage" the words "or secured".

22. Page 8, line 15, by inserting after the word "land"

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the words "and property".

23. Page 8, line 33, by striking the words "general assembly" and inserting in lieu thereof the words "members of the general assembly as request it".

24. Page 8, line 34, by inserting after the word "complete" the words "and economically designed and reproduced".

25. Page 9, line 20, by inserting after the word "improvements" the words "and depreciable agricultural property".

26. Page 10, line 6, by inserting after the word "land" the words "and property".

27. Page 10, line 9, by inserting after the word "land" the words "and improvements and depreciable agricultural property".

28. Page 10, line 14, by inserting after the word "improvements" the words "and depreciable agricultural property".

29. Page 10, line 20, by inserting after the word "mortgage" the words "or secured".

30. Page 10, line 26, by inserting after the word "mortgage" the words "or secured".

31. Page 10, line 30, by inserting after the words "improvements" the words "or depreciable agricultural property".

32. Page 10, line 31, by striking the word "are" and inserting in lieu thereof the words "will be located".

33. Page 10, line 34, by inserting after the word "mortgage" the words "or secured".

34. Page 11, line 1, by inserting after the word "land" the words "and agricultural improvements".

35. Page 11, by striking line 2 and inserting in lieu thereof the words and figure "five hundred thousand (500,000) dollars in value or of depreciable agricultural property totaling no more than one hundred twenty-five thousand (125,000) dollars in value."

36. Page 11, by striking lines 3 and 4 and inserting in lieu thereof the following:

"e. If the loan is for the acquisition of agricultural land, the beginning farmer has or will have access to adequate working capital, farm equipment, machinery or livestock.

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If the loan is for the acquisition of depreciable agricultural property, the beginning farmer has or will have access to adequate working capital or agricultural land."

37. Page 11, by inserting after line 11 the following:

"h. The beginning farmer has not previously received financing under the program for the acquisition of property similar in nature to the property for which the loan is sought. However, this restriction shall not apply if the amount previously received plus the amount of the loan sought does not exceed five hundred thousand dollars in the case of agricultural land and improvements or one hundred twenty-five thousand dollars in the case of depreciable agricultural property."

38. Page 11, line 13, by inserting after the word "mortgage" the words "or secured".

39. Page 11, line 16, by inserting after the word "improvements" the words "or depreciable agricultural property may not be".

40. Page 11, line 23, by inserting after the period the words "However, the authority shall provide and state in a mortgage or secured loan that the authority has the power to raise the interest rate of the loan to the prevailing market rate if the mortgage or secured loan is assumed by a farmer who is already established in that field at the time of the assumption of the loan."

41. Page 11, line 34, by striking the word "MORTGAGE".

42. Page 11, line 35, by inserting after the word "mortgage" the words "or secured".

43. Page 12, line 1, by inserting after the word "mortgage" the words "or secured".

44. Page 12, line 5, by inserting after the word "improvements" the words "or depreciable agricultural property".

45. Page 12, line 6, by inserting after the word "mortgage" the words "or secured".

46. Page 12, line 12, by inserting after the word "mortgage" the words "or secured".

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47. Page 12, line 29, by inserting after the word "mortgage" the words "or secured".
48. Page 12, line 31, by inserting after the word "mortgage" the words "or secured".
49. Page 13, line 3, by inserting after the word "mortgage" the words "or secured".
50. Page 13, line 9, by inserting after the word "mortgage" the words "or secured".
51. Page 15, line 7, by striking the word "MORTGAGE".
52. Page 15, line 9, by inserting before the word "loans" the words "or secured".
53. Page 15, line 11, by inserting after the word "mortgage" the words "or secured".
54. Page 15, line 14, by inserting before the word "loans" the words "or secured".
55. Page 15, line 15, by inserting after the word "mortgage" the words "or secured".
56. Page 15, line 19, by inserting before the word "loans" the words "or secured".
57. Page 15, line 20, by inserting after the word "mortgage" the words "or secured".
58. Page 15, line 21, by inserting after the word "mortgage" the words "or secured".
59. Page 15, line 24, by inserting before the word "loans" the words "or secured".
60. Page 15, line 28, by inserting before the word "loans" the words "or secured".
61. Page 15, line 33, by striking the word "mortgages" and inserting in lieu thereof the word "loans".
62. Page 15, line 34, by inserting after the word "mortgage" the words "or secured".
63. Page 16, line 5, by inserting after the word "mortgage" the words "or secured".
64. Page 16, line 7, by inserting after the word "mortgage" the words "or secured".
65. Page 16, line 12, by inserting before the word "loans" the words "or secured".

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66. Page 16, line 18, by inserting after the words "of a mortgage" the words "or secured".

67. Page 16, line 25, by inserting after the word "mortgage" the words "or secured".

68. Page 17, line 7, by inserting after the words "renegotiate a mortgage" the words "or secured".

69. Page 17, line 9, by inserting after the words "of a mortgage" the words "or secured".

70. Page 17, line 10, by inserting after the word "mortgage" the words "or secured".

71. Page 17, line 14, by inserting after the word "mortgage" the words "or secured".

72. Page 17, line 31, by inserting after the word "hundred" the word "fifty".

73. Page 21, by inserting after line 5 the following:

"9. The authority shall publish a notice of intention to issue bonds or notes in a newspaper published and of general circulation in the state. The notice shall include a statement of the maximum amount of bonds or notes proposed to be issued, and in general, what net revenues will be pledged to pay the bonds or notes and interest thereon. An action shall not be brought questioning the legality of the bonds or notes or the power of the authority to issue the bonds or notes or to the legality of any proceedings in connection with the authorization or issuance of the bonds or notes after sixty days from the date of publication of the notice."

74. Page 27, line 10, by inserting after the word "mortgage" the words "or secured".

75. Page 30, by inserting after line 8 the following:

"Sec. 35. Section four hundred nineteen point one (419.1), subsection two (2), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter eighty-nine (89), section one (1), and chapter ninety (90), section one (1), is amended to read as follows:

2. "Project" means all or any part of, or any interest in, (a) any land, buildings or improvements, whether or not in existence at the time of issuance of the bonds issued under

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authority of this chapter, which shall be suitable for the use of any voluntary nonprofit hospital, clinic or health care facility as defined in section 135C.1, subsection 4, or of any private college or university, or any state institution governed under chapter 262, whether for the establishment or maintenance of such college or university, or of any industry or industries for the manufacturing, processing or assembling of any agricultural or manufactured products, even though such processed products may require further treatment before delivery to the ultimate consumer, or of any commercial enterprise engaged in storing, warehousing or distributing products of agriculture, mining or industry including but not limited to barge facilities and river-front improvements useful and convenient for the handling and storage of goods and products, or of a national, regional or divisional headquarters facility of a company that does multistate business, or of a beginning businessperson for any purpose or (b) pollution control facilities which shall be suitable for use by any industry, commercial enterprise or utility. "Pollution control facilities" means any land, buildings, structures, equipment, pipes, pumps, dams, reservoirs, improvements, or other facilities useful for the purpose of reducing, preventing, or eliminating pollution of the water or air by reason of the operations of any industry, commercial enterprise or utility. "Improve", "improving" and "improvements" shall embrace any real property, personal property or mixed property of any and every kind that can be used or that will be useful in connection with a project, including, without limiting the generality of the foregoing, rights-of-way, roads, streets, sidings, trackage, foundations, tanks, structures, pipes, pipelines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture, furnishings, improvements, instrumentalities and other real, personal or mixed property of every kind, whether above or below ground level.

Sec. 36. Section four hundred nineteen point one (419.1), Code 1979, as the section is amended by Acts of the Sixty-

eighth General Assembly, 1979 Session, chapter eighty-nine (89), section one (1), and chapter ninety (90), section one (1), is amended by adding the following new subsection:

NEW SUBSECTION. "Beginning businessperson" means an individual with an aggregate net worth of the individual and the individual's spouse and children of less than one hundred thousand dollars. Net worth means total assets minus total liabilities as determined in accordance with generally accepted accounting principles.

Sec. 37. Section four hundred nineteen point two (419.2), subsection five (5), Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter eighty-nine (89), section two (2), and chapter ninety-one (91), section one (1), is amended to read as follows:

5. To issue revenue bonds for the purpose of defraying the cost of any project and to secure payment of such bonds as provided in this chapter. However, in the case of a project suitable for the use of a beginning businessperson, the bonds may not exceed the aggregate principal amount of five hundred thousand dollars.

Sec. 38. Section five hundred two point two hundred two (502.202), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter one hundred twenty (120), sections five (5) and six (6), is amended by adding the following new subsection:

NEW SUBSECTION. Any security issued by the Iowa family farm development authority under sections one (1) through thirty-two (32) of this Act."

76. By striking the title and inserting in lieu thereof the words "An Act providing for assistance to beginning farmers and businesspersons by establishing the Iowa family farm development authority, authorizing the issuance of bonds, prescribing its powers and duties and providing for its administration of the Bankhead-Jones Farm Tenant Act funds and authorizing the issuance of revenue bonds under chapter four hundred nineteen (419) of the Code by municipalities for acquisition of land, buildings or improvements by beginning

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businesspersons."

77. By numbering and renumbering as necessary.

ON THE PART OF THE SENATE:

BASS VAN GILST, CHAIRPERSON
IRVIN L. BERGMAN
DALE L. TIEDEN
JACK W. HESTER
C. W. BILL HUTCHINS

Senate adopted 4/26 (p. 18001)

FILED:

APRIL 25, 1980

ON THE PART OF THE HOUSE:

JAMES O. ANDERSON, CHAIRPERSON
WAYNE BENNETT
KENNETH DeGROOT
EMIL J. HUSAK
HERBERT C. HINKHOUSE

House adopted 4/26 (p. 2233)

SENATE FILE 2243

AN ACT

PROVIDING FOR ASSISTANCE TO BEGINNING FARMERS AND BUSINESS-
PERSONS BY ESTABLISHING THE IOWA FAMILY FARM DEVELOPMENT
AUTHORITY, AUTHORIZING THE ISSUANCE OF BONDS, PRESCRIBING
ITS POWERS AND DUTIES AND PROVIDING FOR ITS ADMINISTRA-
TION OF THE BANKHEAD-JONES FARM TENANT ACT FUNDS AND
AUTHORIZING THE ISSUANCE OF REVENUE BONDS UNDER CHAPTER
FOUR HUNDRED NINETEEN (419) OF THE CODE BY MUNICIPALITIES
FOR ACQUISITION OF LAND, BUILDINGS OR IMPROVEMENTS BY
BEGINNING BUSINESSPERSONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. SHORT TITLE. This Act shall
be called and may be cited as the "Iowa Family Farm Development
Act".

Sec. 2. NEW SECTION. DEFINITIONS. As used in sections
one (1) through thirty-two (32) of this Act, unless the context
otherwise requires:

1. "Agricultural land" means land suitable for use in
farming.
2. "Agricultural improvements" means any improvements,
buildings, structures or fixtures suitable for use in farming
which are located on agricultural land. "Agricultural
improvements" includes a single-family dwelling located on
agricultural land which is or will be occupied by the beginning
farmer and structures attached to or incidental to the use
of the dwelling.

3. "Authority" means the Iowa family farm development
authority established in section three (3) of this Act.

4. "Bankhead-Jones Farm Tenant Act" means the Act cited
as 50 Stat. 522(1937), formerly codified as 7 U.S.C. s. 1000
et seq., repealed by Pub. L. No. 87-128 (1961).

5. "Beginning farmer" means an individual with a low or
moderate net worth who engages in farming or wishes to engage
in farming.

6. "Bonds" means bonds issued by the authority pursuant
to sections one (1) through thirty-two (32) of this Act.

7. "Depreciable agricultural property" means personal
property suitable for use in farming for which an income tax
deduction for depreciation is allowable in computing federal
income tax under the Internal Revenue Code of 1954 as defined
in section four hundred twenty-two point four (422.4) of the
Code.

8. "Farming" means farming as defined in section one
hundred seventy-two C point one (172C.1), subsection six (6),
of the Code.

9. "Low or moderate net worth" means an aggregate net
worth of an individual and the individual's spouse and
children, if any, of less than one hundred thousand dollars.

10. "Mortgage" means a mortgage, mortgage deed, deed of
trust, or other instrument creating a first lien, subject
only to title exceptions and encumbrances acceptable to the
authority, including any other mortgage liens of equal standing
with or subordinate to the mortgage loan retained by a seller
or conveyed to a mortgage lender, on a fee interest in
agricultural land and agricultural improvements.

11. "Mortgage lender" means a bank, trust company, mortgage
company, national banking association, savings and loan
association, life insurance company, any state or federal
governmental agency of instrumentality, including without
limitation the federal land bank or any of its local
associations, or any other financial institution or entity
authorized to make mortgage loans in this state.

12. "Mortgage loan" means a financial obligation secured by a mortgage.

13. "Net worth" means total assets minus total liabilities as determined in accordance with generally accepted accounting principles with appropriate exceptions and exemptions reasonably related to an equitable determination of the family's net worth.

14. "Note" means a bond anticipation note issued by the authority pursuant to sections one (1) through thirty-two (32) of this Act.

15. "Secured loan" means a financial obligation secured by a chattel mortgage, security agreement or other instrument creating a lien on an interest in depreciable agricultural property.

16. "State agency" means any board, commission, department, public officer, or other agency or authority of the state of Iowa.

The authority may establish by rule further definitions applicable to sections one (1) through thirty-two (32) of this Act and clarification of the definitions in this section, as necessary to assure eligibility for funds, insurance or guarantees available under federal laws and to carry out the public purposes of sections one (1) through thirty-two (32) of this Act.

Sec. 3. NEW SECTION. ESTABLISHMENT OF AUTHORITY.

1. The Iowa family farm development authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions. The authority is established to undertake programs which assist beginning farmers in purchasing agricultural land and agricultural improvements and depreciable agricultural property for the purpose of farming. The powers of the authority shall be vested in and exercised by a board of eleven members with nine members appointed by the governor with the approval of two-thirds of the members of the senate.

The treasurer of the state and the state secretary of agriculture are ex officio nonvoting members. No more than five members shall belong to the same political party. As far as possible the governor shall include within the membership persons who represent financial institutions experienced in agricultural lending, the real estate sales industry, farmers, beginning farmers, average taxpayers, local government, and any other person specially interested in family farm development.

2. The appointed members of the authority shall be appointed by the governor for terms of six years except that, of the first appointments, three members shall be appointed for terms of two years and three members shall be appointed for a term of four years. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. An appointed member of the authority may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing. An appointed member of the authority may also serve as a member of the Iowa housing finance authority.

3. Six members of the authority constitute a quorum and the affirmative vote of a majority of the voting members is necessary for any substantive action taken by the authority. The majority shall not include any member who has a conflict of interest and a statement by a member of a conflict of interest shall be conclusive for this purpose. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the authority.

4. The appointed members of the authority are entitled to receive forty dollars per diem for each day spent in performance of duties as members, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

5. The appointed members of the authority and the executive director shall give bond as required for public officers in chapter sixty-four (64) of the Code.

6. Meetings of the authority shall be held at the call of the chairperson or whenever two members so request.

7. The appointed members shall elect a chairperson and vice chairperson annually, and other officers as they determine, but the executive director shall serve as secretary to the authority.

8. The net earnings of the authority, beyond that necessary for retirement of its notes, bonds or other obligations or to implement the public purposes and programs authorized, shall not inure to the benefit of any person other than the state. Upon termination of the existence of the authority, title to all property owned by the authority including any net earnings shall vest in the state.

Sec. 4. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds and declares as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare and for the promotion of the economy, which are public purposes.

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by sections one (1) through thirty-two (32) of this Act.

3. There exists a serious problem in this state regarding the ability of nonestablished farmers to acquire agricultural land and agricultural improvements and depreciable agricultural property in order to enter farming.

4. This barrier to entry into farming is conducive to consolidation of acreage of agricultural land with fewer individuals resulting in a grave threat to the traditional family farm.

5. These conditions result in a loss in population, unemployment and a movement of persons from rural communities to urban areas accompanied by added costs to communities for creation of new public facilities and services.

6. One major cause of this condition has been recurrent shortages of funds in private channels and the high interest cost of borrowing.

7. These shortages and costs have made the sale and purchase of agricultural land to beginning farmers a virtual impossibility in many parts of the state.

8. The ordinary operations of private enterprise have not in the past corrected these conditions.

9. A stable supply of adequate funds for agricultural financing is required to encourage beginning farmers in an orderly and sustained manner and to reduce the problems described in this section.

10. Article nine (IX), section three (3), of the Constitution of the State of Iowa requires that, "The General Assembly shall encourage, by all suitable means, the promotion of intellectual, scientific, moral, and agricultural improvement," and agricultural improvement and the public good are served by a policy of facilitating access to capital by beginning farmers unable to obtain capital elsewhere in order to preserve, encourage and protect the family farm which has been the economic, political and social backbone of rural Iowa.

11. It is necessary to create a state family farm development authority to encourage ownership of farms by beginning farmers by providing purchase money loans to beginning farmers who are not able to obtain adequate capital elsewhere to provide such funds and to lower costs through the use of public financing.

12. All of the purposes stated in this section are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned or granted.

Sec. 5. NEW SECTION. GUIDING PRINCIPLES. In the performance of its duties, implementation of its powers, selection of specific programs and projects to receive its assistance, the authority shall be guided by the following principles:

1. The authority shall not become an owner of real or depreciable property, except on a temporary basis where necessary in order to implement its programs, to protect its investments by means of foreclosure or other means, or to facilitate transfer of real or depreciable property for the use of beginning farmers.
2. The authority shall exercise diligence and care in selection of projects to receive its assistance and shall apply customary and acceptable business and lending standards in selection and subsequent implementation of the projects. The authority may delegate primary responsibility for determination and implementation of the projects to any federal governmental agency which assumes any obligation to repay the loan, either directly or by insurance or guarantee.
3. The authority shall establish a beginning farmer loan program to aid beginning farmers in the acquisition of agricultural land and improvements and depreciable agricultural property.

Sec. 6. NEW SECTION. GENERAL POWERS. The authority has all of the general powers needed to carry out its purposes and duties, and to exercise its specific powers, including but not limited to the power to:

1. Issue its negotiable bonds and notes as provided in sections one (1) through thirty-two (32) of this Act in order to finance its programs.
2. Sue and be sued in its own name.
3. Have and alter a corporate seal.
4. Make and alter bylaws for its management consistent with the provisions of sections one (1) through thirty-two (32) of this Act.

5. Make and execute agreements, contracts and other instruments, with any public or private entity, including but not limited to, any federal governmental agency or instrumentality. The authority may make and execute contracts with any firm of independent certified public accountants to prepare an annual report on behalf of the authority. The authority may make and execute contracts with mortgage lenders for the servicing of mortgage and secured loans. All political subdivisions, other public agencies and state agencies may enter into contracts and otherwise cooperate with the authority.

6. Acquire, hold, improve, mortgage, lease and dispose of real and personal property, including but not limited to, the power to sell at public or private sale, with or without public bidding, any property, mortgage or secured loan or other obligation held by it.

7. Procure insurance against any loss in connection with its operations and property interests, including pool insurance on any group of mortgage or secured loans.

8. Fix and collect fees and charges for its services.

9. Subject to any agreement with bondholders or noteholders, invest or deposit moneys of the authority in any manner determined by the authority, notwithstanding the provisions of chapters four hundred fifty-two (452), four hundred fifty-three (453) or four hundred fifty-four (454) of the Code.

10. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.

11. Provide to public and private entities technical assistance and counseling related to the authority's purposes.

12. In cooperation with other local, state or federal governmental agencies or instrumentalities, conduct studies

of beginning farmer agricultural needs, and gather and compile data useful to facilitate decision making.

13. Contract with architects, engineers, attorneys, accountants, housing construction and finance experts, and other advisors or enter into contracts or agreements for such services with local, state or federal governmental agencies.

14. Make, alter and repeal rules consistent with the provisions of sections one (1) through thirty-two (32) of this Act, and subject to chapter seventeen A (17A) of the Code.

Sec. 7. NEW SECTION. STAFF.

1. The executive director and staff of the Iowa housing finance authority shall also serve as executive director and staff of the authority, respectively. The executive director shall not, directly or indirectly, exert influence to induce any other officers or employees of the state to adopt a political view, or to favor a political candidate for office.

2. The executive director shall advise the authority on matters relating to agricultural land and property and agricultural finance, and carry out all directives from the authority, and may hire and supervise additional staff pursuant to its directions and under the provisions of chapter nineteen A (19A), of the Code, except that principal administrative assistants with responsibilities in beginning farm loan programs, accounting, mortgage loan processing, and investment portfolio management are exempt from that chapter.

3. The executive director, as secretary of the authority, shall be custodian of all books, documents and papers filed with the authority and of its minute book and seal. The executive director may cause to be made copies of all minutes and other records and documents of the authority and give certificates under the seal of the authority to the effect that the copies are true copies and all persons dealing with the authority may rely upon the certificates.

Sec. 8. NEW SECTION. ANNUAL REPORT.

1. The authority shall submit to the governor and to the members of the general assembly as request it, not later than January fifteenth of each year, a complete and economically designed and reproduced report setting forth:

- a. Its operations and accomplishments.
- b. Its receipts and expenditures during the fiscal year, in accordance with the classifications it establishes for its operating and capital accounts.
- c. Its assets and liabilities at the end of its fiscal year and the status of reserve, special and other funds.
- d. A schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and issued during its fiscal year.
- e. A statement of its proposed and projected activities.
- f. Recommendations to the general assembly, as it deems necessary.

- g. An analysis of beginning farmer needs in the state.
2. The annual report shall identify performance goals of the authority, and clearly indicate the extent of progress during the reporting period, in attaining the goals. Where possible, results shall be expressed in terms of number of loans and acres of agricultural land.

Sec. 9. NEW SECTION. NONDISCRIMINATION.

1. The opportunity to acquire agricultural land and agricultural improvements and depreciable agricultural property financed or otherwise assisted by the authority, directly or indirectly, is open to all persons regardless of race, creed, color, sex, national origin, age, physical or mental impairment, or religion.

2. The authority shall promote marketing plans for its programs under sections one (1) through thirty-two (32) of this Act.

Sec. 10. NEW SECTION. SURPLUS MONEYS. Moneys declared by the authority to be surplus moneys which are not required

to service bonds and notes, to pay administrative expenses of the authority or to accumulate necessary operating or loss reserves, shall be used by the authority to provide loans, grants, subsidies, and services to beginning farmers through any of the programs authorized in sections one (1) through thirty-two (32) of this Act.

Sec. 11. NEW SECTION. COMBINATION PROGRAMS. Programs authorized in sections one (1) through thirty-two (32) of this Act may be combined with any other programs authorized in sections one (1) through thirty-two (32) of this Act, under chapter two hundred twenty (220) of the Code or under a federal program in order to facilitate as far as practicable the acquisition of agricultural land and property by beginning farmers.

Sec. 12. NEW SECTION. BEGINNING FARMER PROGRAM.

1. The authority shall develop a beginning farmer loan program to facilitate the acquisition of agricultural land and improvements and depreciable agricultural property by beginning farmers. The authority shall exercise the powers granted to it in sections one (1) through thirty-two (32) of this Act in order to fulfill the goal of providing financial assistance to beginning farmers in the acquisition of agricultural land and agricultural improvements and depreciable agricultural property. The authority may participate in and cooperate with programs of the farmers home administration, federal land bank or any other agency or instrumentality of the federal government or with any program of any other state agency in the administration of the beginning farmer loan program and in the making or purchasing of mortgage or secured loans pursuant to sections one (1) through thirty-two (32) of this Act.

2. The authority may participate in any federal programs designed to assist beginning farmers or in any related federal or state programs.

3. The authority shall provide in a beginning farmer loan program that a mortgage or secured loan to or on behalf of a beginning farmer shall be provided only if the following criteria are satisfied:

- a. The beginning farmer is a resident of the state.
- b. The agricultural land and agricultural improvements or depreciable agricultural property the beginning farmer proposes to purchase will be located in the state.
- c. The beginning farmer has sufficient education, training, or experience in the type of farming for which the beginning farmer requests the mortgage or secured loan.
- d. The authority is financing the acquisition by that beginning farmer of agricultural land and agricultural improvements totaling no more than five hundred thousand (500,000) dollars in value or of depreciable agricultural property totaling no more than one hundred twenty-five thousand (125,000) dollars in value.
- e. If the loan is for the acquisition of agricultural land, the beginning farmer has or will have access to adequate working capital, farm equipment, machinery or livestock. If the loan is for the acquisition of depreciable agricultural property, the beginning farmer has or will have access to adequate working capital or agricultural land.
- f. The authority determines that the beginning farmer is unable to secure financing from conventional sources upon terms and conditions which the beginning farmer reasonably could be expected to fulfill.
- g. The agricultural land and agricultural improvements shall only be used for farming by the beginning farmer or his or her family.
- h. The beginning farmer has not previously received financing under the program for the acquisition of property similar in nature to the property for which the loan is sought. However, this restriction shall not apply if the amount previously received plus the amount of the loan sought does

not exceed five hundred thousand dollars in the case of agricultural land and improvements or one hundred twenty-five thousand dollars in the case of depreciable agricultural property.

i. Other criteria as the authority prescribes by rule.

4. The authority may provide in a mortgage or secured loan made or purchased pursuant to sections one (1) through thirty-two (32) of this Act that the loan may not be assumed or any interest in the agricultural land or improvements or depreciable agricultural property may not be leased, sold or otherwise conveyed without its prior written consent and may provide a due-on-sale clause with respect to the occurrence of any of the foregoing events without its prior written consent. The authority may provide by rule the grounds for permitted assumptions of a mortgage or for the leasing, sale or other conveyance of any interest in the agricultural land or improvements. However, the authority shall provide and state in a mortgage or secured loan that the authority has the power to raise the interest rate of the loan to the prevailing market rate if the mortgage or secured loan is assumed by a farmer who is already established in that field at the time of the assumption of the loan. This provision controls with respect to a mortgage loan made or purchased pursuant to sections one (1) through thirty-two (32) of this Act notwithstanding the provisions of chapter five hundred thirty-five (535) of the Code.

5. The authority may participate in any interest in any mortgage loan made or purchased pursuant to sections one (1) through thirty-two (32) of this Act with a mortgage lender. The participation interest may be on a parity with the interest in the mortgage loan retained by the authority, equally and ratably secured by the mortgage securing the mortgage loan.

Sec. 13. NEW SECTION. LOANS TO BEGINNING FARMERS.

1. The authority may make mortgage or secured loans, including but not limited to mortgage or secured loans insured,

guaranteed, or otherwise secured by the federal government or a federal governmental agency or instrumentality, a state agency or private mortgage insurers, to beginning farmers to provide financing for agricultural land and agricultural improvements or depreciable agricultural property.

2. Mortgage or secured loans shall contain terms and provisions, including interest rates, and be in a form established by rules of the authority. The authority may require the beginning farmer to execute a note, loan agreement or other evidence of indebtedness and furnish additional assurances and guarantees, including insurance, reasonably related to protecting the security of the mortgage or secured loan, as the authority deems necessary.

Sec. 14. NEW SECTION. LOANS TO MORTGAGE LENDERS.

1. The authority may make and contract to make loans to mortgage lenders on terms and conditions it determines are reasonably related to protecting the security of the authority's investment and to implementing the purposes of sections one (1) through thirty-two (32) of this Act. Mortgage lenders are authorized to borrow from the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of each loan to a mortgage lender that the mortgage lender, within a reasonable period after receipt of the loan proceeds as the authority prescribes by rule, shall have entered into written commitments to make and, within a reasonable period thereafter as the authority prescribes by rule, shall have disbursed the loan proceeds in new mortgage or secured loans to beginning farmers in an aggregate principal amount of not less than the amount of the loan. New mortgage or secured loans shall have terms and conditions as the authority prescribes by rules which are reasonably related to implementing the purposes of sections one (1) through thirty-two (32) of this Act.

3. The authority shall require the submission to it by each mortgage lender to which the authority has made a loan, of evidence satisfactory to the authority of the making of new mortgage or secured loans to beginning farmers as required by this section and in that connection may, through its members, employees or agents, inspect the books and records of a mortgage lender.

4. Compliance by a mortgage lender with the terms of its agreement with the authority with respect to the making of new mortgage or secured loans to beginning farmers may be enforced by decree of any district court of this state. The authority may require as a condition of a loan to a national banking association or a federally chartered savings and loan association, the consent of the association to the jurisdiction of courts of this state over any enforcement proceeding. The authority may also require, as a condition of a loan to a mortgage lender, agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority, and the penalties shall be recoverable at the suit of the authority.

5. The authority shall require that each mortgage lender receiving a loan pursuant to this section shall issue and deliver to the authority evidence of its indebtedness to the authority which shall constitute a general obligation of the mortgage lender and shall bear a date, mature at a time, be subject to prepayment and contain other provisions consistent with this section and reasonably related to protecting the security of the authority's investment, as the authority determines.

6. Notwithstanding any other provision of this section, the interest rate and other terms of loans to mortgage lenders made from the proceeds of an issue of bonds or notes of the authority shall be at least sufficient to assure the payment of the bonds or notes and the interest on them as they become due.

7. The authority may require that loans to mortgage lenders are additionally secured as to payment of both principal and interest by a pledge of and lien upon collateral security by special escrow funds or other forms of guarantee and in amounts and forms as the authority by resolution determines to be necessary to assure the payment of the loans and the interest as they become due. Collateral security shall consist of direct obligations of or obligations guaranteed by the United States or one of its agencies, obligations satisfactory to the authority which are issued by other federal agencies, direct obligations of or obligations guaranteed by a state or a political subdivision of a state or investment quality obligations approved by the authority.

8. The authority may require that collateral for loans be deposited with a bank, trust company or other financial institution acceptable to the authority located in this state and designated by the authority as custodian. In the absence of that requirement, each mortgage lender shall enter into an agreement with the authority containing provisions the authority deems necessary to adequately identify and maintain the collateral, service the collateral and require the mortgage lender to hold the collateral as an agent for the authority and be accountable to the authority as the trustee of an express trust for the application and disposition of the collateral and the income from it. The authority may also establish additional requirements it deems necessary with respect to the pledging, assigning, setting aside or holding of collateral and the making of substitutions for it or additions to it and the disposition of income and receipts from it.

9. The authority may require as a condition of loans to mortgage lenders any representations and warranties it determines are necessary to secure the loans and carry out the purposes of this section.

10. The authority may require the beginning farmer to satisfy conditions and requirements normally imposed by mortgage lenders in making similar loans, including but not limited to, the purchase of capital stock in the federal land bank.

11. If a provision of this section is inconsistent with a provision of law of this state governing mortgage lenders, the provision of this section controls for the purposes of this section.

Sec. 15. NEW SECTION. PURCHASE OF LOANS.

1. The authority may purchase and make advance commitments to purchase mortgage or secured loans from mortgage lenders at prices and upon terms and conditions as it determines. However, the total purchase price for all mortgage or secured loans which the authority commits to purchase from a mortgage lender at any one time shall not exceed the total of the unpaid principal balances of the mortgage or secured loans purchased. Mortgage lenders are authorized to sell mortgage or secured loans to the authority in accordance with the provisions of this section and the rules of the authority.

2. The authority shall require as a condition of purchase of mortgage or secured loans from mortgage lenders that the mortgage lenders certify that the mortgage or secured loans purchased are loans made to beginning farmers. Mortgage or secured loans to be made by mortgage lenders shall have terms and conditions as the authority prescribes by rule. The authority may make a commitment to purchase mortgage or secured loans from mortgage lenders in advance of the time the loans are made by mortgage lenders. The authority shall require as a condition of a commitment that mortgage lenders certify in writing that all mortgage or secured loans represented by the commitment will be made to beginning farmers and that the mortgage lender will comply with other authority specifications.

3. The authority shall require the submission to it by each mortgage lender from which the authority has purchased loans of evidence satisfactory to the authority of the making of mortgage or secured loans to beginning farmers as required by this section and in that connection may, through its members, employees or agents, inspect the books and records of a mortgage lender.

4. Compliance by a mortgage lender with the terms of its agreement with the authority with respect to the making of mortgage or secured loans to beginning farmers may be enforced by decree of any district court of this state. The authority may require as a condition of purchase of mortgage or secured loans from any national banking association or federally chartered savings and loan association the consent of the association to the jurisdiction of courts of this state over any enforcement proceeding. The authority may also require as a condition of the purchase of mortgage or secured loans from a mortgage lender agreement by the mortgage lender to the payment of penalties to the authority for violation by the mortgage lender of its agreement with the authority and the penalties shall be recoverable at the suit of the authority.

5. The authority may require as a condition of purchase of a mortgage or secured loan from a mortgage lender that the mortgage lender make representations and warranties the authority requires. A mortgage lender is liable to the authority for damages suffered by the authority by reason of the untruth of a representation or the breach of a warranty and, in the event that a representation proves to be untrue when made or in the event of a breach of warranty, the mortgage lender shall, at the option of the authority, repurchase the mortgage or secured loan for the original purchase price adjusted for amounts subsequently paid on it, as the authority determines.

6. The authority shall require the recording of an assignment of a mortgage loan purchased by it from a mortgage lender and is not required to notify the mortgagor of its purchase of the mortgage loan. The authority is not required to inspect or take possession of the mortgage documents if the mortgage lender from which the mortgage loan is purchased enters into a contract to service the mortgage loan and account to the authority for it.

7. If a provision of this section is inconsistent with another provision of law of this state governing mortgage lenders, the provision of this section controls for the purposes of this section.

Sec. 16. NEW SECTION. POWERS RELATING TO LOANS. Subject to any agreement with bondholders or noteholders, the authority may renegotiate a mortgage or secured loan or a loan to a mortgage lender in default, waive a default or consent to the modification of the terms of a mortgage or secured loan or a loan to a mortgage lender, forgive or forbear all or part of a mortgage or secured loan or a loan to a mortgage lender and commence, prosecute and enforce a judgment in any action, including but not limited to a foreclosure action, to protect or enforce any right conferred upon it by law, mortgage or secured loan agreement, contract or other agreement and in connection with any action, bid for and purchase the property or acquire or take possession of it, complete, administer, pay the principal of and interest on any obligations incurred in connection with the property and dispose of and otherwise deal with the property in a manner the authority deems advisable to protect its interests.

Sec. 17. NEW SECTION. BONDS AND NOTES.

1. The authority may issue its negotiable bonds and notes in principal amounts which, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds and notes, the establishment of reserves to secure its

bonds and notes and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. However, the authority may not have a total principal amount of bonds and notes outstanding at any time in excess of one hundred fifty million dollars. The bonds and notes shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of the uniform commercial code.

2. Bonds and notes are payable solely and only out of the moneys, assets or revenues of the authority and as provided in the agreement with bondholders or noteholders pledging any particular moneys, assets or revenues. Bonds or notes are not an obligation of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are special obligations of the authority payable solely and only from the sources provided in sections one (1) through thirty-two (32) of this Act, and the authority shall not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority or make its debts payable out of any moneys except those of the authority.

3. Bonds and notes must be authorized by a resolution of the authority. However, a resolution authorizing the issuance of bonds or notes may delegate to an officer of the authority the power to negotiate and fix the details of an issue of bonds or notes by an appropriate certificate of the authorized officer.

4. Bonds shall:

a. State the date and series of the issue, be consecutively numbered and state on their face that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limit.

b. Be either registered, registered as to principal only, or in coupon form, issued in denominations as the authority prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the authority with the manual or facsimile signature of the chairperson or vice chairperson, attested by the manual or facsimile signature of the secretary, have impressed or imprinted thereon the seal of the authority or a facsimile of it, and the coupons attached shall be signed with the facsimile signature of the chairperson or vice chairperson, be payable as to interest at rates and at times as the authority determines, be payable as to principal at times over a period not to exceed fifty years from the date of issuance, at places and with reserved rights of prior redemption, as the authority prescribes, be sold at prices, at public or private sale, and in a manner as the authority prescribes, and the authority may pay all expenses, premiums and commissions which it deems necessary or advantageous in connection with the issuance and sale, and be issued under and subject to the terms, conditions and covenants providing for the payment of the principal, redemption premiums, if any, interest and other terms, conditions, covenants and protective provisions safeguarding payment, not inconsistent with sections one (1) through thirty-two (32) of this Act, as are found to be necessary by the authority for the most advantageous sale, which may include, but are not limited to, covenants with the holders of the bonds as to those matters set forth in section two hundred twenty point twenty-six (220.26), subsection four (4), paragraph b, of the Code.

5. The authority may issue its bonds for the purpose of refunding any bonds or notes of the authority then outstanding, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds

or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of sections one (1) through thirty-two (32) of this Act. The interest, income and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding bonds shall be issued and secured and subject to the provisions of sections one (1) through thirty-two (32) of this Act in the same manner and to the same extent as other bonds.

6. The authority may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes are payable from any available moneys of the authority not otherwise pledged or from the proceeds of the sale of bonds in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the authority. Notes shall be issued in the same manner as bonds and notes and the resolution authorizing them may contain any provisions, conditions or limitations, not inconsistent with the provisions of this subsection, which the bonds or a bond resolution of the authority may contain. Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the authority to the noteholders, the noteholders shall have all the remedies provided in sections one (1) through thirty-two (32) of this Act for bondholders. Notes shall be as fully negotiable as bonds of the authority.

7. A copy of each pledge agreement by or to the authority, including without limitation each bond resolution, indenture of trust or similar agreement, or any revisions or supplements

to it shall be filed with the secretary of state and no further filing or other action under article nine (9) of the uniform commercial code, or any other law of the state shall be required to perfect the security interest in the collateral or any additions to it or substitutions for it and the lien and trust so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract or otherwise against the pledgor.

8. Members of the authority and any person executing its bonds, notes or other obligations are not liable personally on the bonds, notes or other obligations or subject to personal liability or accountability by reason of the issuance of the authority's bonds or notes.

9. The authority shall publish a notice of intention to issue bonds or notes in a newspaper published and of general circulation in the state. The notice shall include a statement of the maximum amount of bonds or notes proposed to be issued, and in general, what net revenues will be pledged to pay the bonds or notes and interest thereon. An action shall not be brought questioning the legality of the bonds or notes or the power of the authority to issue the bonds or notes or to the legality of any proceedings in connection with the authorization or issuance of the bonds or notes after sixty days from the date of publication of the notice.

Sec. 18. NEW SECTION. RESERVE FUNDS AND APPROPRIATIONS.

1. The authority may create and establish one or more special funds, each to be known as a "bond reserve fund" and shall pay into each bond reserve fund any moneys appropriated and made available by the state for the purpose of the fund, any proceeds of sale of notes or bonds to the extent provided in the resolutions of the authority authorizing their issuance and any other moneys which are available to the authority for the purpose of the fund from any other sources. Moneys held in a bond reserve fund, except as otherwise provided in sections one (1) through thirty-two (32) of this Act, shall

be used as required solely for the payment of the principal of bonds secured in whole or in part by the fund or of the sinking fund payments with respect to the bonds, the purchase or redemption of the bonds, the payment of interest on the bonds or the payments of any redemption premium required to be paid when the bonds are redeemed prior to maturity.

2. Moneys in a bond reserve fund shall not be withdrawn from it in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, as provided in this section, except for the purpose of making payment when due of principal, interest, redemption premiums and the sinking fund payments with respect to the bonds for the payment of which other moneys of the authority are not available. Any income or interest earned by, or incremental to, a bond reserve fund due to the investment of it may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that bond reserve fund below the bond reserve fund requirement for it.

3. The authority shall not at any time issue bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the bonds, the amount in the bond reserve fund will be less than the bond reserve fund requirement for the fund, unless the authority at the time of issuance of the bonds deposits in the fund from the proceeds of the bonds issued or from other sources an amount which, together with the amount then in the fund will not be less than the bond reserve fund requirement for the fund. For the purposes of this section, the term "bond reserve fund requirement" means, as of any particular date of computation, an amount of money, as provided in the resolutions of the authority authorizing the bonds with respect to which the fund is established, equal to not more than ten percent of the outstanding principal amount of bonds secured by the fund.

4. To assure the continued operation and solvency of the authority for the carrying out of its corporate purposes, provision is made in subsection one (1) of this section for the accumulation in each bond reserve fund of an amount equal to the bond reserve fund requirement for the fund. In order further to assure maintenance of the bond reserve funds, the chairperson of the authority shall, on or before July first of each calendar year, make and deliver to the governor a certificate stating the sum, if any, required to restore each bond reserve fund to its bond reserve fund requirement. Within thirty days after the beginning of the session of the general assembly next following the delivery of the certificate, the governor may submit to both houses printed copies of a budget including any sum required to restore each bond reserve fund to its bond reserve fund requirement. Sums appropriated by the general assembly and paid to the authority pursuant to this section shall be deposited by the authority in the applicable bond reserve fund.

5. Amounts paid over to the authority by the state pursuant to the provisions of this section shall constitute and be accounted for as advances by the state to the authority and, subject to the rights of the holders of any bonds or notes of the authority, shall be repaid to the state without interest from all available operating revenues of the authority in excess of amounts required for the payment of bonds, notes or obligations of the authority, the bond reserve fund and operating expenses.

6. The authority shall cause to be delivered to the legislative fiscal committee within ninety days of the close of its fiscal year its annual report certified by an independent certified public accountant, who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority selected by the authority. In the event that the principal amount of any bonds or notes deposited in a bond reserve fund is

withdrawn for payment of principal or interest thereby reducing the amount of that fund to less than the bond reserve fund requirement, the authority shall immediately notify the general assembly of this event and shall take steps to restore the fund to its bond reserve fund requirement from any amounts available, other than principal of a bond issue, which are not pledged to the payment of other bonds or notes.

Sec. 19. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTEHOLDERS.

1. If the authority defaults in the payment of principal or interest on an issue of bonds or notes at maturity or upon call for redemption and the default continues for a period of thirty days or if the authority fails or refuses to comply with the provisions of sections one (1) through thirty-two (32) of this Act, or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of twenty-five percent in aggregate principal amount of bonds or notes of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the authority is located and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds or notes for the purposes provided in this section.

2. The authority or any trustee appointed under the indenture under which the bonds are issued may, but upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of bonds or notes then outstanding shall:

a. Enforce all rights of the bondholders or noteholders including the right to require the authority to carry out its agreements with the holders and to perform its duties under sections one (1) through thirty-two (32) of this Act.

b. Bring suit upon the bonds or notes.

c. By action require the authority to account as if it were the trustee of an express trust for the holders.

d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.

e. Declare all the bonds or notes due and payable and if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of bonds or notes then outstanding, annul the declaration and its consequences.

3. The trustee shall also have all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days notice in writing to the governor, to the authority and to the attorney general of the state.

5. The district court has jurisdiction of any action by the trustee on behalf of bondholders or noteholders. The venue of the action shall be in the county in which the principal office of the authority is located.

Sec. 20. NEW SECTION. AGREEMENT OF THE STATE. The state pledges and agrees with the holders of any bonds or notes that the state will not limit or alter the rights vested in the authority to fulfill the terms of agreements made with the holders or in any way to impair the rights and remedies of the holders until the bonds or notes together with the interest on them, plus interest on unpaid installments of interest, and all costs and expenses in connection with an action by or on behalf of the holders are fully met and discharged. The authority may include this pledge and agreement of the state in any agreement with the holders of bonds or notes.

Sec. 21. NEW SECTION. BONDS AND NOTES AS LEGAL INVESTMENTS. Bonds and notes are securities in which public officers, state departments and agencies, political

subdivisions, insurance companies and other persons carrying on an insurance business, banks, trust companies, savings and loan associations, investment companies and other persons carrying on a banking business, administrators, executors, guardians, conservators, trustees and other fiduciaries and other persons authorized to invest in bonds or other obligations of this state may properly and legally invest funds including capital in their control or belonging to them. The bonds and notes are also securities which may be deposited with and may be received by public officers, state departments and agencies and political subdivisions for any purpose for which the deposit of bonds or other obligations of this state is authorized.

Sec. 22. NEW SECTION. MONEYS OF THE AUTHORITY.

1. Moneys of the authority, except as otherwise provided in sections one (1) through thirty-two (32) of this Act, shall be paid to the authority and shall be deposited in a bank or other financial institution designated by the authority. The moneys shall be withdrawn on the order of the person authorized by the authority. Deposits shall be secured in the manner determined by the authority. The auditor of state or the auditor's legally authorized representatives may periodically examine the accounts and books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing, and the authority shall not be required to pay a fee for the examination.

2. The authority may contract with holders of its bonds or notes as to the custody, collection, security, investment and payment of moneys of the authority, of moneys held in trust or otherwise for the payment of bonds or notes and to carry out the contract. Moneys held in trust or otherwise for the payment of bonds or notes or in any way to secure bonds or notes and deposits of the moneys may be secured in the same manner as moneys of the authority and banks and trust companies may give security for the deposits.

3. Subject to the provisions of any contract with bondholders or noteholders and to the approval of the state comptroller, the authority shall prescribe a system of accounts.

4. The authority shall submit to the governor, the auditor of state and the state comptroller, within thirty days of its receipt, a copy of the report of every external examination of the books and accounts of the authority other than copies of the reports of examinations made by the auditor of state.

Sec. 23. NEW SECTION. LIMITATION OF LIABILITY. Members of the authority and persons acting in its behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out the powers and duties given in sections one (1) through thirty-two (32) of this Act.

Sec. 24. NEW SECTION. ASSISTANCE BY STATE OFFICERS, AGENCIES AND DEPARTMENTS. State officers and state departments and agencies may render services to the authority within their respective functions as requested by the authority.

Sec. 25. NEW SECTION. LIBERAL INTERPRETATION. Sections one (1) through thirty-two (32) of this Act, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 26. NEW SECTION. CONFLICTS OF INTEREST.

1. If a member or employee other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is or is to be a party or in a mortgage lender requesting a loan from or offering to sell mortgage or secured loans to the authority, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in action by the authority with respect to that contract or mortgage lender.

2. This section does not limit the right of a member, officer or employee of the authority to acquire an interest in bonds or notes or to limit the right of a member or employee other than the executive director to have an interest in a bank or other financial institution in which the funds of the authority are deposited or which is acting as trustee or paying agent under a trust indenture to which the authority is a party.

3. The executive director shall not have an interest in a bank or other financial institution in which the funds of the authority are deposited or which is acting as trustee or paying agent under a trust indenture to which the authority is a party. The executive director shall not receive, in addition to fixed salary or compensation, any money or valuable thing, either directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending or aiding in any purchase or sale of property or loan made by the authority, nor shall the executive director be pecuniarily interested, either as principal, co-principal, agent or beneficiary, either directly or indirectly or through any substantial interest in any other corporation or business unit, in any purchase, sale or loan.

Sec. 27. NEW SECTION. EXEMPTION FROM COMPETITIVE BID LAWS. The authority and all contracts made by it in carrying out its public and essential governmental functions under sections fourteen (14) and fifteen (15) of this Act, shall be exempt from the laws of the state which provide for competitive bids in connection with such contracts.

Sec. 28. NEW SECTION. AGENCY. The authority shall make application to and receive from the secretary of agriculture of the United States, or any other proper federal official, pursuant and subject to the provisions of Pub. L. No. 499, 64 Stat. 152 (1950), (formerly codified 40 U.S.C. 440 et seq. (1976)) all of the trust assets held by the United States

in trust for the Iowa rural rehabilitation corporation now dissolved.

Sec. 29. NEW SECTION. AGREEMENTS. The authority may enter into agreements with the secretary of agriculture of the United States pursuant to Pub. L. No. 499 s. 2(f) (1950) upon terms and conditions and for periods of time as mutually agreeable, authorizing the authority to accept, administer, expend and use in the state of Iowa all or any part of the trust assets or other funds in the state of Iowa which have been appropriated for use in carrying out the purposes of the Bankhead-Jones Farm Tenant Act and to do any and all things necessary to effectuate and carry out the purposes of said agreements.

Sec. 30. NEW SECTION. ASSETS--ACCOUNT. The trust assets received under the application made pursuant to section twenty-eight (28) of this Act other than cash shall be taken on proper transfer or assignment from the department of social services to the authority and administered as provided in sections one (1) through thirty-two (32) of this Act. These funds may be used for any of the purposes of sections one (1) through thirty-two (32) of this Act, including but not limited to costs of administration and insuring or guaranteeing payment of all or a portion of loans made pursuant to sections one (1) through thirty-two (32) of this Act.

Sec. 31. NEW SECTION. PROGRAMS IN PROGRESS. The authority shall complete the administration of programs in progress on the effective date of this Act to the extent that funds were committed, obligations incurred or rights accrued prior to the effective date of this Act under the programs authorized under sections two hundred thirty-four point fifteen (234.15) through two hundred thirty-four point twenty (234.20) of the Code prior to the repeal of those sections by this Act. Moneys received under this section shall be deposited to the authority.

Sec. 32. NEW SECTION. LIABILITY. The United States, the authority and the secretary of agriculture of the United States shall be held free from liability by virtue of the transfer of the assets to the authority. The authority and persons acting in its behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out their powers and duties under sections one (1) through thirty-two (32) of this Act.

Sec. 33. Section two hundred twenty point ten (220.10), subsection one (1), Code 1979, is amended to read as follows:

1. All moneys declared by the authority to be surplus moneys which are not required to service bonds and notes issued by the authority, to pay administrative expenses of the authority, or to accumulate necessary operating or loss reserves, shall be used by the authority to pay administrative expenses of or provide loans to the Iowa family farm development authority in connection with the programs authorized in the Iowa family farm development Act or to provide grants, subsidies, and services to lower income families and very low income families through any of the programs authorized in this chapter.

Sec. 34. Section two hundred twenty point eleven (220.11), Code 1979, is amended to read as follows:

220.11 COMBINATION PROGRAMS. Any programs authorized in this chapter may be combined with any other programs authorized in this chapter or in the Iowa family farm development Act in order to facilitate as far as practicable the provision of adequate housing to low and moderate income families.

Sec. 35. Section four hundred nineteen point one (419.1), subsection two (2), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter eighty-nine (89), section one (1), and chapter ninety (90), section one (1), is amended to read as follows:

2. "Project" means all or any part of, or any interest in, (a) any land, buildings or improvements, whether or not in existence at the time of issuance of the bonds issued under authority of this chapter, which shall be suitable for the use of any voluntary nonprofit hospital, clinic or health care facility as defined in section 135C.1, subsection 4, or of any private college or university, or any state institution governed under chapter 262, whether for the establishment or maintenance of such college or university, or of any industry or industries for the manufacturing, processing or assembling of any agricultural or manufactured products, even though such processed products may require further treatment before delivery to the ultimate consumer, or of any commercial enterprise engaged in storing, warehousing or distributing products of agriculture, mining or industry including but not limited to barge facilities and river-front improvements useful and convenient for the handling and storage of goods and products, or of a national, regional or divisional headquarters facility of a company that does multistate business, or of a beginning businessperson for any purpose or (b) pollution control facilities which shall be suitable for use by any industry, commercial enterprise or utility. "Pollution control facilities" means any land, buildings, structures, equipment, pipes, pumps, dams, reservoirs, improvements, or other facilities useful for the purpose of reducing, preventing, or eliminating pollution of the water or air by reason of the operations of any industry, commercial enterprise or utility. "Improve", "improving" and "improvements" shall embrace any real property, personal property or mixed property of any and every kind that can be used or that will be useful in connection with a project, including, without limiting the generality of the foregoing, rights-of-way, roads, streets, sidings, trackage, foundations, tanks, structures, pipes, pipelines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture,

furnishings, improvements, instrumentalities and other real, personal or mixed property of every kind, whether above or below ground level.

Sec. 36. Section four hundred nineteen point one (419.1), Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter eighty-nine (89), section one (1), and chapter ninety (90), section one (1), is amended by adding the following new subsection:

NEW SUBSECTION. "Beginning businessperson" means an individual with an aggregate net worth of the individual and the individual's spouse and children of less than one hundred thousand dollars. Net worth means total assets minus total liabilities as determined in accordance with generally accepted accounting principles.

Sec. 37. Section four hundred nineteen point two (419.2), subsection five (5), Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter eighty-nine (89), section two (2), and chapter ninety-one (91), section one (1), is amended to read as follows:

5. To issue revenue bonds for the purpose of defraying the cost of any project and to secure payment of such bonds as provided in this chapter. However, in the case of a project suitable for the use of a beginning businessperson, the bonds may not exceed the aggregate principal amount of five hundred thousand dollars.

Sec. 38. Section five hundred two point two hundred two (502.202), Code 1979, as amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter one hundred twenty (120), sections five (5) and six (6), is amended by adding the following new subsection:

NEW SUBSECTION. Any security issued by the Iowa family farm development authority under sections one (1) through thirty-two (32) of this Act.

Sec. 39. TRANSFER OF EXISTING ASSETS AND LIABILITIES. The trust assets and liabilities of the former Iowa rural

rehabilitation corporation under the jurisdiction of the department of social services shall be transferred to the jurisdiction of the authority on the effective date of this Act. The authority shall be the successor in interest to the agreements in effect between the United States government and the department of social services on behalf of the state of Iowa on the effective date of this Act.

Sec. 40. Sections two hundred thirty-four point fifteen (234.15), through two hundred thirty-four point twenty (234.20), Code 1979, are repealed.

TERRY E. BRANSTAD
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2243, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved 5/23, 1980

ROBERT D. RAY
Governor