

Reprinted 4/5/81

FILED MAR 18 1981

SENATE FILE 435

BY COMMITTEE ON COMMERCE

(FORMERLY SSB 278)

Approved 2/11/81 (p 870)

Passed Senate, Date 3-31-81 (p. 1036) Passed House, Date 4/24/81 (A. 1397)

Vote: Ayes 49 Nays 0 Vote: Ayes 89 Nays 0

Approved May 5, 1981

Amended to read (p. 1036) printed 2/24/81 (p. 1135)

Reprinted Senate 4-7-81 (p. 1140)
45-0

A BILL FOR

1 An Act relating to the regulation of savings and loan
2 associations.

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

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1 Section 1. Section 534.5, subsection 1, Code 1981, is
2 amended to read as follows:

3 1. EXCLUSIVENESS OF ACCESS. Every member shall have the
4 right to inspect such books and records of an association
5 as pertain to ~~his~~ the member's loan or savings investment.
6 Otherwise, the right of inspection and examination of the
7 books and records shall be limited (a) to the supervisor or
8 ~~his~~ a duly authorized representative as provided in this
9 chapter (b) to persons duly authorized to act for the
10 association, and (c) to any federal instrumentality or agency
11 authorized to inspect or examine the books and records of
12 an insured association or of an uninsured member by the federal
13 home loan bank. The accounts and loans of members shall be
14 kept confidential by the association, its directors, officers
15 and employees, and by the supervisor, ~~his~~ and the supervisor's
16 examiners and representatives, and no provided that the
17 association may furnish information concerning a member's
18 loans and savings investments to a person who the association
19 has reason to believe intends to use the information in
20 connection with a credit transaction involving the member
21 on whom the information is to be furnished and involving the
22 extension of credit to, or review or collection of an account
23 of, the member. No member or any other person shall have
24 access to the books and records or shall possess a partial
25 or complete list of the members except upon express action
26 and authority of the board of directors.

27 Sec. 2. Section 534.11, subsection 10, unnumbered para-
28 graph 1, Code 1981, is amended to read as follows:

29 Administrators, executors, custodians, guardians, trustees,
30 and other fiduciaries of every kind and nature, insurance
31 companies, business and manufacturing companies, banks, credit
32 unions and all other types of financial institutions,
33 charitable, educational, eleemosynary and public corporations
34 and organizations, and municipalities and other public
35 corporations and bodies, and public officials hereby are

1 specifically authorized and empowered to invest funds held
 2 by them, without any order of any court in share ~~account~~ or
 3 deposit accounts or time certificates of deposit of insured
 4 savings associations which are under state supervision, and
 5 ~~in-accounts-of~~ or federal savings and loan associations
 6 organized under the laws of the United States and under federal
 7 supervision, and such investment shall be deemed and held
 8 to be legal investments for such funds.

9 Sec. 3. Section 534.19, subsection 6, Code 1981, is amended
 10 to read as follows:

11 6. PROPERTY IMPROVEMENT LOANS. To make loans for
 12 maintenance, repair, landscaping, modernization, furniture
 13 and fixtures, improvement and equipment, with or without
 14 security provided that ~~no-such-loan-without-security-shall~~
 15 ~~exceed-ten-thousand-dollars~~ the first installment shall be
 16 due not later than one hundred twenty days after the date
 17 the loan is made, and the final installment shall be due not
 18 later than twenty years and thirty-two days after the date
 19 the loan is made, and provided further that not in excess
 20 of twenty percent of the assets of the association shall be
 21 so invested, said twenty percent to be exclusive of the forty
 22 percent of assets power set out in section 534.21 hereof.
 23 ~~The-provisions-of-the-Iowa-consumer-credit-code-shall-apply~~
 24 ~~to-consumer-loans-made-by-a-savings-and-loan-association-and~~
 25 ~~a-provision-of-that-code-shall-supersede-any-conflicting~~
 26 ~~provision-of-this-chapter-with-respect-to-a-consumer-loan-~~
 27 ~~loans-made-pursuant-to-this-subsection-shall-be-for-terms~~
 28 ~~not-exceeding-fifteen-years-and-shall-not-be-made-at-interest~~
 29 ~~rates-in-excess-of-rates-allowed-for-consumer-loans-~~

30 Sec. 4. Section 534.19, subsection 20, Code 1981, is
 31 amended by adding the following new unnumbered paragraph:

32 NEW UNNUMBERED PARAGRAPH. The administrator is authorized
 33 to grant by special permit to an association the right to
 34 act as trustee, executor, administrator, guardian, or in any
 35 other fiduciary capacity. However, this authority is available

1 only for periods of time when federally chartered savings
2 and loan associations operating in this state are granted
3 similar authority, and the state authorization is subject
4 to the rights and limitations established in rules adopted
5 by the auditor of state, which shall be consistent with the
6 rights and limitations for federally chartered associations
7 engaged in this type of activity.

8 Sec. 5. Section 534.20, Code 1981, is amended to read
9 as follows:

10 534.20 EMERGENCY OPERATIONS. In the event an association's
11 offices are destroyed by enemy attack or by natural disaster,
12 such association may operate from such temporary headquarters
13 as may be necessary until such time as it is again able to
14 resume operations in its normal location.

15 ~~Such association may, with the approval of the supervisor,~~
16 ~~make loans beyond its regular lending area within this state~~
17 ~~in the event of an emergency resulting in the destruction~~
18 ~~of home financing facilities in any community in this state.~~

19 Sec. 6. Section 534.21, subsection 2, Code 1981, is amended
20 to read as follows:

21 2. TERMS OF LOANS. All installment loans shall be
22 repayable within ~~thirty~~ forty years or, if an insured or
23 guaranteed loan, within the period acceptable to the insuring
24 or guaranteeing agency. Loans of any type that such an
25 association may make on a monthly installment basis may also
26 be made without full amortization of principal; provided,
27 that except for insured or guaranteed loans, interest shall
28 be payable at least semiannually and any such loan may be
29 made for an amount not in excess of seventy percent of the
30 value and for a term of not more than three years. Such
31 loans, if made for the purpose of construction, may be made
32 for an amount not in excess of eighty percent of the value
33 and for a term of not more than eighteen months. A
34 construction loan may be combined with an installment loan
35 in one note, provided the total term does not exceed ~~thirty-~~

1 one forty-one years and six months. Loans ~~other than home~~
 2 ~~loans may be made~~ of any type that such an association may
 3 make on a monthly amortized installment basis may also be
 4 made with a final principal payment due after a period shorter
 5 than the amortization period and in an amount larger than
 6 preceding principal payments. Loans with principal and
 7 interest payments less than monthly but at least annually
 8 may be made with the same terms as monthly installment loans
 9 for an amount not in excess of eighty percent of value.

10 Renegotiable rate mortgage loans may be made for a term
 11 of three, four or five years, secured by a mortgage of up
 12 to ~~thirty~~ forty years, and automatically renewable at a varying
 13 interest rate. However, the authority to make ~~home~~ loans
 14 secured by one-family to four-family dwellings under this
 15 paragraph is available only for periods of time when federally
 16 chartered savings and loan associations operating in this
 17 state are granted similar authority, and the state
 18 authorization is subject to the rights and limitations ~~imposed~~
 19 ~~upon the~~ established in rules adopted by the auditor of state,
 20 which shall be consistent with the rights and limitations
 21 for federally chartered associations ~~for~~ engaged in this type
 22 of activity.

23 Sec. 7. Section 534.21, subsection 3, Code 1981, is amended
 24 to read as follows:

25 3. HOME LOANS. Every such association may originate and
 26 make first mortgage ~~amortized~~ real estate loans secured by
 27 home property situated within the regular lending area in
 28 any of the following categories:

29 a. Loans that fully amortize the principal through equal
 30 payments.

31 b. Loans that fully amortize the principal with a final
 32 payment due after a period shorter than the amortization
 33 period and in an amount larger than the preceding payments.

34 c. Renegotiable rate mortgages.

35 d. Alternative mortgage instruments under chapter 535B.

EXPLANATION

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This bill amends various provisions of chapter 534 in connection with the regulation of savings and loan associations.

Section 1 would authorize disclosure by an association of information relating to a member's loan or savings investments to a third party for credit or collection purposes.

Section 2 expands the scope of permissible investment by fiduciaries to include association deposit accounts and time certificates of deposit, in addition to share accounts.

Section 3 modifies the restrictions applicable to property improvement loans to delete the maximum dollar limitation on unsecured loans, and to increase the maximum permissible term of a loan to twenty years. The section also deletes an interest-rate limitation that was temporarily superseded by usury law exemptions contained in Acts of the Sixty-eighth General Assembly, 1980 Session, chapter 1156, section 2. The section also deletes language relating to consumer loans which appears to have been superseded by recent amendments to the consumer credit code.

Section 4 adds new language to authorize approved state-chartered savings and loan associations to act as fiduciaries when and to the extent federal savings and loan associations doing business in this state are empowered to do so by federal law.

Section 5 deletes some language relating to an association's "regular lending area" which was rendered obsolete by prior amendments to the term "regular lending area" as defined in section 534.2, subsection 5.

Sections 6 and 7 modify the restrictions applicable to the various types of mortgage loans to permit forty-year loan terms, to grant permanent authority for renegotiable-rate home loans, and to authorize so-called "rollover mortgages", e.g. long-term mortgages with provisions for the periodic renegotiation of the interest rate and other terms of the

1 loan.

2 The bill would take effect July 1 following enactment.

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SENATE FILE 435

S-3222

- 1 Amend Senate File 435 as follows:
 2 1. Page 4, by inserting after line 35 the
 3 following:
 4 "Sec. ____ Section 3 of this Act shall not be
 5 construed to exempt property improvement loans from
 6 the provisions of chapter 537, the Iowa consumer
 7 credit code, where applicable."

S-3222 FILED

BY EDGAR H. HOLDEN

MARCH 19, 1981

Adopted 2/31/81 (p. 1034)

SENATE FILE 435

S-3225

- 1 Amend Senate File 435 as follows:
 2 1. Page 1, line 17, by inserting after the word
 3 "may" the words "upon receipt of the written consent
 4 of a member,".
 5 2. Page 1, line 17, by striking the word "a" and
 6 inserting in lieu thereof the word "that".

S-3225 FILED

BY EMIL HUSAK

MARCH 19, 1981

Adopted 2/31/81 (p. 1035)

BOB RUSH

SENATE FILE 435

S-3289

- 1 Amend Senate File 435 as follows:
 2 1. Page 4, line 33, by inserting after the period
 3 the words "These loans shall contain a provision
 4 equivalent to the following: "If, upon the due date
 5 of any final payment that becomes due under this loan
 6 or any extension or renewal of this loan and during
 7 the term of the mortgage that secures this loan and
 8 the extension or renewal of this loan, no part of
 9 this loan is delinquent and there exists a home
 10 mortgage market condition within this community that
 11 precludes the mortgagor from obtaining a new loan
 12 from another savings and loan association on similar
 13 terms and with an interest rate no greater than one
 14 percentage point above the numerical average of the
 15 monthly national average contract interest rates
 16 charged on conventional home mortgages on previously
 17 occupied homes as published by the federal home loan bank
 18 board for the calendar month second preceding the
 19 due date of the final payment, then the mortgagee
 20 shall extend the term of this loan or the extension,
 21 or renewal of this loan for one or more years, but
 22 not beyond the end of the term of the mortgage. In
 23 the event that the mortgagee extends the term of this
 24 loan or an extension or renewal of this loan as
 25 prescribed in this provision, the interest rate charged
 26 may be one percentage point above the numerical monthly
 27 average described above.""

S-3289 FILED & LOST

BY LOWELL L. JUNKINS

MARCH 31, 1981 (p. 1036)

PATRICK J. DELUHERY

*Motion to reconsider (p. 1037)**" 4/7/81 (p. 1136)*

S-3334

1 Amend Senate File 435 as follows:
2 1. Page 4, line 33, by inserting after the period
3 the words "These loans shall contain a provision
4 equivalent to the following: "If, upon the due date
5 of any final payment that becomes due under this loan
6 or any extension or renewal of this loan and during
7 the term of the mortgage that secures this loan and
8 the extension or renewal of this loan, no part of
9 this loan is delinquent and there exists a home
10 mortgage market condition within this community that
11 precludes the mortgagor from obtaining a new loan
12 from another savings and loan association, bank, or
13 other financial institution on similar terms and with
14 an interest rate no greater than one percentage point
15 above the numerical average of the monthly national
16 average contract interest rates charged on conventional
17 home mortgages on previously occupied homes as
18 published by the federal home loan bank board for
19 the calendar month second preceding the due date of
20 the final payment, then the mortgagee shall extend
21 the term of this loan or the extension, or renewal
22 of this loan for one or more years, but not beyond
23 the end of the term of the mortgage. In the event
24 that the mortgagee extends the term of this loan or
25 an extension or renewal of this loan as prescribed
26 in this provision, the interest rate charged may be
27 one percentage point above the numerical monthly
28 average described above."

S-3334 FILED

APRIL 1, 1981

Adopted 4/7/81 (p. 1139)

BY LOWELL L. JUNKINS

PATRICK J. DELUHERY

The Commerce
Do Pass 4/15/81 (p. 1259)

Senate File 435

Commerce: Schroeder, Chair; Johnson of Linn and Chiodo.

SENATE FILE

435

BY COMMITTEE ON COMMERCE

(AS AMENDED AND PASSED BY THE SENATE APRIL 7, 1981)

Passed Senate, Date 4-7-81 (p. 1140) Passed House, Date 4-24-81 (p. 1397)

Vote: Ayes 29 Nays 0 Vote: Ayes 89 Nays 0

Approved May 5, 1981

A BILL FOR

1 An Act relating to the regulation of savings and loan
2 associations.

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

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————— = New Language
by the Senate

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14 kept confidential by the association, its directors, officers
15 and employees, and by the supervisor, ~~his~~ and the supervisor's
16 examiners and representatives, and no provided that the
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18 member, furnish information concerning that member's loans
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14 and fixtures, improvement and equipment, with or without
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17 due not later than one hundred twenty days after the date
18 the loan is made, and the final installment shall be due not
19 later than twenty years and thirty-two days after the date
20 the loan is made, and provided further that not in excess
21 of twenty percent of the assets of the association shall be
22 so invested, said twenty percent to be exclusive of the forty
23 percent of assets power set out in section 534.21 hereof.
24 ~~The-provisions-of-the-Iowa-consumer-credit-code-shall-apply~~
25 ~~to-consumer-loans-made-by-a-savings-and-loan-association-and~~
26 ~~a-provision-of-that-code-shall-supersede-any-conflicting~~
27 ~~provision-of-this-chapter-with-respect-to-a-consumer-loan.~~
28 ~~Loans-made-pursuant-to-this-subsection-shall-be-for-terms~~
29 ~~not-exceeding-fifteen-years-and-shall-not-be-made-at-interest~~
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34 to grant by special permit to an association the right to
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1 other fiduciary capacity. However, this authority is available
2 only for periods of time when federally chartered savings
3 and loan associations operating in this state are granted
4 similar authority, and the state authorization is subject
5 to the rights and limitations established in rules adopted
6 by the auditor of state, which shall be consistent with the
7 rights and limitations for federally chartered associations
8 engaged in this type of activity.

9 Sec. 5. Section 534.20, Code 1981, is amended to read
10 as follows:

11 534.20 EMERGENCY OPERATIONS. In the event an association's
12 offices are destroyed by enemy attack or by natural disaster,
13 such association may operate from such temporary headquarters
14 as may be necessary until such time as it is again able to
15 resume operations in its normal location.

16 ~~Such association may, with the approval of the supervisor,~~
17 ~~make loans beyond its regular lending area within this state~~
18 ~~in the event of an emergency resulting in the destruction~~
19 ~~of home financing facilities in any community in this state.~~

20 Sec. 6. Section 534.21, subsection 2, Code 1981, is amended
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23 repayable within ~~thirty~~ forty years or, if an insured or
24 guaranteed loan, within the period acceptable to the insuring
25 or guaranteeing agency. Loans of any type that such an
26 association may make on a monthly installment basis may also
27 be made without full amortization of principal; provided,
28 that except for insured or guaranteed loans, interest shall
29 be payable at least semiannually and any such loan may be
30 made for an amount not in excess of seventy percent of the
31 value and for a term of not more than three years. Such
32 loans, if made for the purpose of construction, may be made
33 for an amount not in excess of eighty percent of the value
34 and for a term of not more than eighteen months. A
35 construction loan may be combined with an installment loan

1 in one note, provided the total term does not exceed ~~thirty-~~
2 one forty-one years and six months. ~~Loans,--ether--than--home~~
3 ~~loans,--may--be--made~~ of any type that such an association may
4 make on a monthly amortized installment basis may also be
5 made with a final principal payment due after a period shorter
6 than the amortization period and in an amount larger than
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9 may be made with the same terms as monthly installment loans
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11 Renegotiable rate mortgage loans may be made for a term
12 of three, four or five years, secured by a mortgage of up
13 to ~~thirty~~ forty years, and automatically renewable at a varying
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16 paragraph is available only for periods of time when federally
17 chartered savings and loan associations operating in this
18 state are granted similar authority, and the state
19 authorization is subject to the rights and limitations ~~imposed~~
20 upon the established in rules adopted by the auditor of state,
21 which shall be consistent with the rights and limitations
22 for federally chartered associations for engaged in this type
23 of activity.

24 Sec. 7. Section 534.21, subsection 3, Code 1981, is amended
25 to read as follows:

26 3. HOME LOANS. Every such association may originate and
27 make first mortgage ~~amortized~~ real estate loans secured by
28 home property situated within the regular lending area in
29 any of the following categories:

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31 payments.

32 b. Loans that fully amortize the principal with a final
33 payment due after a period shorter than the amortization
34 period and in an amount larger than the preceding payments.

35 These loans shall contain a provision equivalent to the

1 following: "If, upon the due date of any final payment that
2 becomes due under this loan or any extension or renewal of
3 this loan and during the term of the mortgage that secures
4 this loan and the extension or renewal of this loan, no part
5 of this loan is delinquent and there exists a home mortgage
6 market condition within this community that precludes the
7 mortgagor from obtaining a new loan from another savings and
8 loan association, bank, or other financial institution on
9 similar terms and with an interest rate no greater than one
10 percentage point above the numerical average of the monthly
11 national average contract interest rates charged on
12 conventional home mortgages on previously occupied homes as
13 published by the federal home loan bank board for the calendar
14 month second preceding the due date of the final payment,
15 then the mortgagee shall extend the term of this loan or the
16 extension, or renewal of this loan for one or more years,
17 but not beyond the end of the term of the mortgage. In the
18 event that the mortgagee extends the term of this loan or
19 an extension or renewal of this loan as prescribed in this
20 provision, the interest rate charged may be one percentage
21 point above the numerical monthly average described above."

- 22 c. Renegotiable rate mortgages.
- 23 d. Alternative mortgage instruments under chapter 535B.
- 24 Sec. 8. Section 3 of this Act shall not be construed to
25 exempt property improvement loans from the provisions of
26 chapter 537, the Iowa consumer credit code, where applicable.

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SENATE FILE 435

AN ACT

RELATING TO THE REGULATION OF SAVINGS AND LOAN ASSOCIATIONS.

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

Section 1. Section 534.5, subsection 1, Code 1981, is amended to read as follows:

1. EXCLUSIVENESS OF ACCESS. Every member shall have the right to inspect such books and records of an association as pertain to ~~his~~ the member's loan or savings investment. Otherwise, the right of inspection and examination of the books and records shall be limited (a) to the supervisor or ~~his~~ a duly authorized representative as provided in this chapter (b) to persons duly authorized to act for the association, and (c) to any federal instrumentality or agency authorized to inspect or examine the books and records of an insured association or of an uninsured member by the federal home loan bank. The accounts and loans of members shall be kept confidential by the association, its directors, officers and employees, and by the supervisor, ~~his~~ and the supervisor's examiners and representatives, ~~and no~~ provided that the association may, upon receipt of the written consent of a member, furnish information concerning that member's loans and savings investments to a person who the association has reason to believe intends to use the information in connection with a credit transaction involving the member on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the member. No member or any other person shall have access to the books and records or shall possess a partial or complete list of the members except upon express action and authority of the board of directors.

Sec. 2. Section 534.11, subsection 10, unnumbered paragraph 1, Code 1981, is amended to read as follows:

Administrators, executors, custodians, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, credit unions and all other types of financial institutions, charitable, educational, eleemosynary and public corporations and organizations, and municipalities and other public corporations and bodies, and public officials hereby are specifically authorized and empowered to invest funds held by them, without any order of any court in share accounts or deposit accounts or time certificates of deposit of insured savings associations which are under state supervision, and in accounts of or federal savings and loan associations organized under the laws of the United States and under federal supervision, and such investment shall be deemed and held to be legal investments for such funds.

Sec. 3. Section 534.19, subsection 6, Code 1981, is amended to read as follows:

6. PROPERTY IMPROVEMENT LOANS. To make loans for maintenance, repair, landscaping, modernization, furniture and fixtures, improvement and equipment, with or without security provided that ~~no such loan without security shall exceed ten thousand dollars~~ the first installment shall be due not later than one hundred twenty days after the date the loan is made, and the final installment shall be due not later than twenty years and thirty-two days after the date the loan is made, and provided further that not in excess of twenty percent of the assets of the association shall be so invested, said twenty percent to be exclusive of the forty percent of assets power set out in section 534.21 hereof. ~~The provisions of the Iowa consumer credit code shall apply to consumer loans made by a savings and loan association and a provision of that code shall supersede any conflicting~~

~~provision of this chapter with respect to a consumer loan. Loans made pursuant to this subsection shall be for terms not exceeding fifteen years and shall not be made at interest rates in excess of rates allowed for consumer loans.~~

Sec. 4. Section 534.19, subsection 20, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The administrator is authorized to grant by special permit to an association the right to act as trustee, executor, administrator, guardian, or in any other fiduciary capacity. However, this authority is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations established in rules adopted by the auditor of state, which shall be consistent with the rights and limitations for federally chartered associations engaged in this type of activity.

Sec. 5. Section 534.20, Code 1981, is amended to read as follows:

534.20 EMERGENCY OPERATIONS. In the event an association's offices are destroyed by enemy attack or by natural disaster, such association may operate from such temporary headquarters as may be necessary until such time as it is again able to resume operations in its normal location.

~~Such association may, with the approval of the supervisor, make loans beyond its regular lending area within this state in the event of an emergency resulting in the destruction of home financing facilities in any community in this state.~~

Sec. 6. Section 534.21, subsection 2, Code 1981, is amended to read as follows:

2. TERMS OF LOANS. All installment loans shall be repayable within ~~thirty~~ forty years or, if an insured or guaranteed loan, within the period acceptable to the insuring or guaranteeing agency. Loans of any type that such an

association may make on a monthly installment basis may also be made without full amortization of principal; provided, that except for insured or guaranteed loans, interest shall be payable at least semiannually and any such loan may be made for an amount not in excess of seventy percent of the value and for a term of not more than three years. Such loans, if made for the purpose of construction, may be made for an amount not in excess of eighty percent of the value and for a term of not more than eighteen months. A construction loan may be combined with an installment loan in one note, provided the total term does not exceed ~~thirty-~~ one forty-one years and six months. ~~Loans, other than home loans, may be made of any type that such an association may make on a monthly amortized installment basis may also be made with a final principal payment due after a period shorter than the amortization period and in an amount larger than preceding principal payments.~~ Loans with principal and interest payments less than monthly but at least annually may be made with the same terms as monthly installment loans for an amount not in excess of eighty percent of value.

Renegotiable rate mortgage loans may be made for a term of three, four or five years, secured by a mortgage of up to ~~thirty~~ forty years, and automatically renewable at a varying interest rate. However, the authority to make home loans secured by one-family to four-family dwellings under this paragraph is available only for periods of time when federally chartered savings and loan associations operating in this state are granted similar authority, and the state authorization is subject to the rights and limitations ~~imposed upon the~~ established in rules adopted by the auditor of state, which shall be consistent with the rights and limitations for federally chartered associations ~~for~~ engaged in this type of activity.

Sec. 7. Section 534.21, subsection 3, Code 1981, is amended to read as follows:

3. HOME LOANS. Every such association may originate and make first mortgage ~~amortized~~ real estate loans secured by home property situated within the regular lending area in any of the following categories:

a. Loans that fully amortize the principal through equal payments.

b. Loans that fully amortize the principal with a final payment due after a period shorter than the amortization period and in an amount larger than the preceding payments. These loans shall contain a provision equivalent to the following: "If, upon the due date of any final payment that becomes due under this loan or any extension or renewal of this loan and during the term of the mortgage that secures this loan and the extension or renewal of this loan, no part of this loan is delinquent and there exists a home mortgage market condition within this community that precludes the mortgagor from obtaining a new loan from another savings and loan association, bank, or other financial institution on similar terms and with an interest rate no greater than one percentage point above the numerical average of the monthly national average contract interest rates charged on conventional home mortgages on previously occupied homes as published by the federal home loan bank board for the calendar month second preceding the due date of the final payment, then the mortgagee shall extend the term of this loan or the extension, or renewal of this loan for one or more years, but not beyond the end of the term of the mortgage. In the event that the mortgagee extends the term of this loan or an extension or renewal of this loan as prescribed in this provision, the interest rate charged may be one percentage point above the numerical monthly average described above."

c. Renegotiable rate mortgages.

d. Alternative mortgage instruments under chapter 535B.

Sec. 8. Section 3 of this Act shall not be construed to exempt property improvement loans from the provisions of chapter 537, the Iowa consumer credit code, where applicable.

TERRY E. BRANSTAD
President of the Senate

DEBWYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 435, Sixty-ninth General Assembly.

LINDA HOWARTH MACKAY
Secretary of the Senate

Approved May 5, 1981

ROBERT D. RAY
Governor

S.F. 435