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SENATE FILE 577

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Passed Senate, Date 4-30-85 (p. 1783) Passed House, Date 5-3-85 (p. 2248)

Vote: Ayes 46 Nays 4 Vote: Ayes 93 Nays 3

Approved May 31, 1985

Written to reconsider w/2 (p. 1792)

## A BILL FOR

1 An Act relating to the economy of the state of Iowa, by  
 2 creating an Iowa economic protective and investment  
 3 authority, providing for the authority's powers and  
 4 duties, providing for a seven-year write-off of in-  
 5 terest bought down under the authority's operating  
 6 assistance program, providing for the valuation of  
 7 real property held by or used to secure loans held by  
 8 lending institutions, providing for the disposal of  
 9 real property held by a state bank, providing for  
 10 stipulation of redemption periods, providing for  
 11 voluntary conveyances of real estate in lieu of fore-  
 12 closure, providing for the creation of the Iowa export  
 13 trading company, and requesting an interim study  
 14 committee.

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

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1 Section 1. NEW SECTION. 175A.1 LEGISLATIVE FINDINGS --  
2 PURPOSE.

3 The general assembly finds and declares as follows:

4 1. The establishment of the authority is in all respects  
5 for the benefit of the people of the state of Iowa, for the  
6 improvement of their health and welfare and for the promotion  
7 of the economy, which are public purposes.

8 2. The authority will be performing an essential  
9 governmental function in the exercise of the powers and duties  
10 conferred upon it by this chapter.

11 3. There exists a serious problem in this state regarding  
12 the ability of farmers and small businesses to obtain adequate  
13 affordable operating loans and to service the debt on existing  
14 operating, machinery, and land loans.

15 4. Farming and the operation of small regionally owned  
16 businesses are principal pursuits of the inhabitants of this  
17 state. Many other industries and pursuits are wholly  
18 dependent upon farming and small business.

19 5. The inability of farmers and small businesses to obtain  
20 adequate affordable operating loans and to service the debt on  
21 existing operating, machinery, and land loans is conducive to  
22 economic decline and poverty and impairs the economic value of  
23 vast areas of the state, which are characterized by  
24 depreciated property values, impaired investments, and reduced  
25 capacity to pay taxes.

26 6. These conditions result in a loss of population and  
27 further economic deterioration, accompanied by added costs to  
28 communities for creation of new public facilities and  
29 services.

30 7. A major cause of the unavailability of adequate  
31 affordable operating loans and the inability to service the  
32 debt on existing operating, machinery, and land loans is the  
33 unstable economic condition of the state, due in part to  
34 unanticipated high interest rates.

35 8. A stable economic condition is necessary to encourage

1 and facilitate the availability of adequate affordable  
2 operating loans and to enable farmers and small businesses to  
3 service the debt on existing operating, machinery, and land  
4 loans, and it is necessary to create a state economic  
5 protective and investment authority to administer programs to  
6 stabilize the economic condition.

7 9. The public purpose of this chapter is to maximize the  
8 economic potential of the state and to thereby stabilize the  
9 economic condition of the state.

10 Sec. 2. NEW SECTION. 175A.2 DEFINITIONS.

11 As used in this chapter, unless the context otherwise  
12 requires:

13 1. "Authority" means the Iowa economic protective and  
14 investment authority established in section 175A.3.

15 2. "Farmer" means a person engaged in farming.

16 3. "Farming" means as defined in section 172C.1.

17 4. "Lending institution" means a bank, trust company,  
18 mortgage company, national banking association, savings and  
19 loan association, savings bank, or another state financial  
20 institution or entity authorized to make farm or small  
21 business operating loans or loans to farmers or small  
22 businesses to acquire real or personal property.

23 5. "Operating loan" means a loan made by a lending  
24 institution to a borrower in an amount sufficient to enable  
25 the borrower to pay the reasonably necessary expenses and cash  
26 flow requirements of farming or of operating a small business.

27 6. "Cash flow requirements" includes but is not limited to  
28 the availability of money adequate to provide for obligations  
29 which become due during the term of the operating loan for  
30 operating expenses, family living expenses, principal and  
31 interest installments on loans for real or personal property,  
32 and rent.

33 7. "Small business" means as defined in section 220.1,  
34 except as further defined by the authority by rule.

35 Sec. 3. NEW SECTION. 175A.3 ESTABLISHMENT OF AUTHORITY.

1 1. The Iowa economic protective and investment authority  
2 is established and constituted a public instrumentality and  
3 agency of the state exercising public and essential  
4 governmental functions. The authority is established to  
5 undertake programs which provide assistance for financing and  
6 for small businesses, and other programs the authority deems  
7 necessary to carry out the purpose identified in section  
8 175A.1. The powers of the authority are vested in and  
9 exercised by a board of five members appointed by a committee  
10 composed of the majority and minority floor leaders of the  
11 senate, the speaker of the house of representatives, and the  
12 minority floor leader of the house of representatives. No  
13 more than three members appointed pursuant to this subsection  
14 shall belong to the same political party. As far as possible  
15 the board shall include within the membership persons who  
16 represent lending institutions experienced in agricultural or  
17 small business lending, agricultural suppliers, farmers,  
18 operators of small businesses, average citizens, and other  
19 persons specially interested in the availability of funds for  
20 farm operating loans.

21 2. The members of the authority appointed pursuant to  
22 subsection 1 shall serve terms of three years, except that, of  
23 first appointments, one member shall be appointed for a term  
24 of one year and two members shall be appointed for terms of  
25 two years. A person appointed to fill a vacancy shall serve  
26 only for the unexpired portion of the term. A member is  
27 eligible for reappointment. A member of the authority  
28 appointed pursuant to subsection 1 may be removed from office  
29 by the committee for misfeasance, malfeasance, willful neglect  
30 of duty, or other just cause after notice and hearing, unless  
31 the notice and hearing is expressly waived in writing. A  
32 member of the authority appointed pursuant to subsection 1 may  
33 also serve as a member of the Iowa family farm development  
34 authority.

35 3. Three members of the authority constitute a quorum and

1 the affirmative vote of a majority of the members of the  
2 authority is necessary for substantive action to be taken by  
3 the authority. The majority shall not include a member who  
4 has a conflict of interest and a statement by a member of a  
5 conflict of interest is conclusive for this purpose. A  
6 vacancy in the membership does not impair the right of a  
7 quorum to exercise all rights and perform all duties of the  
8 authority.

9 4. The members of the authority appointed pursuant to  
10 subsection 1 are entitled to receive forty dollars per diem  
11 for each day spent in performance of duties as members, and  
12 shall be reimbursed for all actual and necessary expenses  
13 incurred in the performance of duties as members.

14 5. The members of the authority appointed pursuant to  
15 subsection 1 and the executive director shall give bond as  
16 required for public officers in chapter 64.

17 6. Meetings of the authority shall be held at the call of  
18 the chairperson or when two members so request.

19 7. The members appointed pursuant to subsection 1 shall  
20 elect a chairperson and vice chairperson annually, and other  
21 officers as they determine, but the executive director,  
22 appointed pursuant to section 175A.5, is a nonvoting ex  
23 officio member of the board and shall serve as secretary to  
24 the authority.

25 8. The net earnings of the authority, beyond those  
26 necessary for retirement of its notes, bonds or other  
27 obligations, or to implement the authorized public purposes  
28 and programs, shall not inure to the benefit of any person  
29 other than the state. Upon termination of the existence of  
30 the authority, title to all property owned by the authority,  
31 including any such net earnings of the authority, shall vest  
32 in the state. The state reserves the right at any time to  
33 alter, amend, repeal, or otherwise change the structure,  
34 organization, programs or activities of the authority,  
35 including the power to terminate the authority, except that no

1 law shall ever be passed impairing the obligation of any  
2 contract or contracts entered into by the authority to the  
3 extent that any such law would contravene article I, section  
4 21 of the Constitution of the State of Iowa or article I,  
5 section 10 of the Constitution of the United States.

6 Sec. 4. NEW SECTION. 175A.4 ADVISORY PANEL.

7 The state comptroller or the comptroller's designee, the  
8 treasurer of state or the treasurer's designee, the secretary  
9 of agriculture or the secretary's designee, the director of  
10 the development commission or the director's designee, the  
11 executive director of the family farm development authority or  
12 the director's designee, and the superintendent of banking or  
13 the superintendent's designee are constituted as an advisory  
14 panel to the authority. The panel shall provide advice and  
15 assistance to the authority in the performance of the  
16 authority's functions, but shall not vote in board decisions.

17 Sec. 5. NEW SECTION. 175A.5 EXECUTIVE DIRECTOR -- STAFF.

18 1. The governor, subject to confirmation by the senate,  
19 shall appoint an executive director of the authority, who  
20 shall serve at the pleasure of the governor. The executive  
21 director shall be selected primarily for administrative  
22 ability and knowledge in the field, without regard to  
23 political affiliation. The executive director shall not,  
24 directly or indirectly, exert influence to induce other  
25 officers or employees of the state to adopt a political view,  
26 or to favor a political candidate for office.

27 2. The executive director is a nonvoting ex officio member  
28 of the board, and shall advise the authority on matters  
29 relating to finance, carry out all directives from the  
30 authority, and hire and supervise the authority's staff  
31 pursuant to its directions and under chapter 19A, except that  
32 principal administrative assistants with responsibilities in  
33 operating loan programs, accounting, and processing of  
34 applications for interest reduction are exempt from that  
35 chapter.

1 3. The executive director, as secretary of the authority,  
2 shall be custodian of all books, documents and papers filed  
3 with the authority and of its minute book and seal. The  
4 executive director may cause copies to be made of all minutes  
5 and other records and documents of the authority and give  
6 certificates under the seal of the authority to the effect  
7 that the copies are true copies and all persons dealing with  
8 the authority may rely upon the certificates.

9 Sec. 6. NEW SECTION. 175A.6 GENERAL POWERS.

10 The authority has all of the general powers needed to carry  
11 out its purposes and duties, and to exercise its specific  
12 powers, including but not limited to the power to:

13 1. Sue and be sued in its own name.

14 2. Have and alter a corporate seal.

15 3. Make and alter bylaws for its management consistent  
16 with this chapter.

17 4. Make and execute agreements, contracts and other  
18 instruments, with any public or private entity, including but  
19 not limited to, any federal governmental agency or  
20 instrumentality. The authority may make and execute contracts  
21 with a firm of independent certified public accountants to  
22 prepare an annual report on behalf of the authority. All  
23 political subdivisions, other public agencies and state  
24 agencies may enter into contracts and otherwise cooperate with  
25 the authority.

26 5. Procure insurance against any loss in connection with  
27 its operations.

28 6. Accept appropriations, gifts, grants, loans, or other  
29 aid from public or private entities. A record of all gifts or  
30 grants, stating the type, amount and donor, shall be clearly  
31 set out in the authority's annual report along with the record  
32 of other receipts.

33 7. Provide to public and private entities technical  
34 assistance and counseling related to the authority's purposes.

35 8. In cooperation with other local, state or federal

1 governmental agencies or instrumentalities, conduct studies of  
2 farm and small business operational expense needs, and gather  
3 and compile data useful to facilitate decision making.

4 9. Facilitate and encourage the maximized use of available  
5 federal farm and small business aid.

6 10. Contract with attorneys, accountants, finance experts,  
7 and other advisors or enter into contracts or agreements for  
8 these services with local, state or federal governmental  
9 agencies.

10 11. Issue its negotiable bonds, notes, debentures, capital  
11 stock, or other obligations as provided in sections 175A.9 to  
12 175A.13 in order to directly or indirectly finance its  
13 programs.

14 12. Fix and collect fees and charges for its services.

15 13. Subject to agreements with holders of its obligations,  
16 invest or deposit moneys of the authority in a manner  
17 determined by the authority by rule, notwithstanding chapter  
18 452 or 453.

19 14. Organize, administer, and participate in real or  
20 personal property investment trusts with farmers and small  
21 businesses for the purpose of reducing the debt service  
22 requirements of farm and small business machinery and land  
23 loans, subject to rules provided by the authority.

24 15. Make, alter and repeal rules consistent with this  
25 chapter and subject to chapter 17A.

26 Sec. 7. NEW SECTION. 175A.7 ANNUAL REPORT.

27 1. The authority shall submit to the governor and to the  
28 members of the general assembly who request it, not later than  
29 January 15 of each year, a complete and economically designed  
30 and reproduced report setting forth:

31 a. Its operations and accomplishments.

32 b. Its receipts and expenditures during the fiscal year,  
33 in accordance with the classifications it establishes for its  
34 operating and capital accounts.

35 c. Its assets and liabilities at the end of its fiscal

1 year and the status of reserve, special and other funds.

2 d. A statement of its proposed and projected activities.

3 e. Recommendations to the general assembly, as it seems  
4 necessary.

5 f. An analysis of operating loan needs for farms and small  
6 businesses in the state.

7 g. A schedule of its obligations outstanding at the end of  
8 its fiscal year, together with a statement of the amounts  
9 redeemed and issued during its fiscal year.

10 2. The annual report shall identify performance goals of  
11 the authority, and clearly indicate the extent of progress  
12 during the reporting period, in attaining the goals. Where  
13 possible, results shall be expressed in terms of number of  
14 farm units and small business units assisted. The report  
15 shall state the median, mean, range, and total of the dollar  
16 amount of the individual grants, the debt-to-asset ratio of  
17 borrowers assisted, and the resulting interest rates on farm  
18 and small business operating loans. The report shall also  
19 state the median, mean, and range of the size of farm units  
20 assisted, expressed in acres, and the median, mean, and range  
21 of the size of small businesses assisted, expressed in the  
22 amount of annual gross income.

23 Sec. 8. NEW SECTION. 175A.8 OPERATING ASSISTANCE  
24 PROGRAM.

25 1. The authority shall establish and develop an operating  
26 assistance program to facilitate the availability of  
27 affordable operating capital to as many farmers and small  
28 businesses as possible by providing grants to lending  
29 institutions as provided in this section.

30 2. Lending institutions shall make available to borrowers  
31 a lender-borrower eligibility application form prepared by the  
32 authority for the operating assistance program. Application  
33 to the authority for assistance under this section shall be  
34 executed jointly by the lending institution and the borrower  
35 upon an approved form.

1 3. The authority shall provide in the operating assistance  
2 program that the grant will be provided in conjunction with a  
3 borrower's operating loan only if the following criteria are  
4 satisfied as evidenced on a lender-borrower eligibility  
5 application:

6 a. The borrower is a resident of the state.

7 b. The farming operation or small business for which the  
8 borrower seeks the operating assistance is located in the  
9 state.

10 c. The operating loan, if a new loan, will be used, and if  
11 an existing loan, was used by the borrower for the reasonably  
12 necessary expenses and cash flow requirements of farming or of  
13 the operation of a small business.

14 d. The borrower has made full disclosure of the borrower's  
15 finances to the lending institution.

16 e. Requirements prescribed by the authority by rule, which  
17 may include but are not limited to participation in federal  
18 crop insurance programs, where available, a consideration of  
19 the borrower's agreement to maintain farm management  
20 techniques and standards established by the authority,  
21 participation in federal farm programs, where applicable, and  
22 the maximized use of available loan guarantees including small  
23 business administration programs, where applicable.

24 4. The authority shall provide in the operating assistance  
25 program that the authority may, upon approval by the board of  
26 an application, enter into an agreement with the lending  
27 institution in which the lending institution shall agree to  
28 reduce for one year the interest rate on the borrower's  
29 operating loan, whether the loan is a new loan or is an  
30 existing and unpaid loan, to a rate at least three percent  
31 below the base rate, which is the maximum lawful rate of  
32 interest as determined by the superintendent of banking  
33 pursuant to section 535.2 for the calendar month in which the  
34 application was approved by the authority. However, the  
35 authority may lower the base rate if necessary to accommodate

1 regional financial conditions. The authority shall agree to  
2 give to each lending institution which has agreed with the  
3 authority to the interest reduction a grant in the amount, as  
4 determined by the authority, necessary to reduce the interest  
5 rate on the borrower's operating loan by an additional two  
6 percent for the term of the loan or for one year, whichever is  
7 less. The grant shall be paid to the lending institution  
8 within sixty days after the date the application is approved.

9 5. The authority shall require each lending institution to  
10 which the authority has approved an application for a grant on  
11 an operating loan to submit to the authority evidence  
12 satisfactory to the authority of a reduction in the interest  
13 rate as required by an agreement pursuant to subsection 4, and  
14 in that connection, the board members, employees or agents of  
15 the authority may inspect the books and records of a lending  
16 institution.

17 6. Compliance by a lending institution with the terms of  
18 an agreement with the authority pursuant to subsection 4 may  
19 be enforced by decree of a district court of this state. The  
20 authority may require, as a condition of a payment to a  
21 national banking association or a federally chartered savings  
22 and loan association or savings bank on an operating loan, the  
23 consent of the association to the jurisdiction of courts of  
24 this state over an enforcement proceeding. The authority may  
25 also require, as a condition for approval of an application  
26 for a grant to a lending institution on an operating loan,  
27 that the lending institution agree to the payment of penalties  
28 to the authority for violation by the lending institution of  
29 its agreement with the authority pursuant to subsection 4, and  
30 the penalties are recoverable at the suit of the authority.

31 7. If a lending institution refuses a borrower's request  
32 to apply for an operating assistance grant under this section,  
33 the borrower may provide the authority with a written  
34 statement regarding the lending institution's refusal. A  
35 borrower who has provided the authority with a written

1 statement may be provided with an opportunity for a hearing on  
2 the refusal before the board or persons designated by the  
3 authority. The procedure established in this subsection is  
4 not a contested case under chapter 17A.

5 8. Funds allocated by the authority for the operating  
6 assistance program which have not been committed for grants  
7 for interest rate reduction on operating loans by the end of  
8 the fiscal year, may be used for other economic assistance  
9 programs, as provided by the authority by rule, for farming or  
10 small businesses. However, applications for grants for  
11 interest rate reduction on operating loans made after the  
12 close of the fiscal year are given first priority in the use  
13 of the uncommitted funds.

14 Sec. 9. NEW SECTION. 175A.9 OBLIGATIONS OF THE  
15 AUTHORITY.

16 1. The authority may issue its negotiable obligations in  
17 principal amounts as, in the opinion of the authority, are  
18 necessary to provide sufficient funds for achievement of its  
19 corporate purposes, the payment of interest on its  
20 obligations, the establishment of reserves to secure its  
21 obligations, and all other expenditures of the authority  
22 incident to and necessary or convenient to carry out its  
23 purposes and powers. The obligations shall be deemed to be  
24 investment securities and negotiable instruments within the  
25 meaning of and for all purposes of chapter 554, the uniform  
26 commercial code.

27 2. Obligations issued by the authority are payable solely  
28 and only out of the moneys, assets, or revenues of the  
29 authority, and as provided in agreements with holders of its  
30 obligations pledging any particular moneys, assets or  
31 revenues. Taxes or appropriations shall not be pledged for  
32 the payment of the obligations. Obligations are not an  
33 obligation of this state or any political subdivision of this  
34 state other than the authority within the meaning of any  
35 constitutional or statutory debt limitations, but are special

1 obligations of the authority payable solely and only from the  
2 sources provided in this chapter, and the authority shall not  
3 pledge the general credit or taxing power of this state or any  
4 political subdivision of this state other than the authority,  
5 or make its debts payable out of any moneys except those of  
6 the authority.

7 3. Obligations must be authorized by a resolution of the  
8 authority. However, a resolution authorizing the issuance of  
9 obligations may delegate to an officer of the authority the  
10 power to negotiate and fix the details of an issue of bonds or  
11 notes by an appropriate certificate of the authorized officer.

12 4. Obligations shall:

13 a. State the date and series of the issue, be  
14 consecutively numbered, and state on their face that they are  
15 payable both as to principal and interest solely out of the  
16 assets of the authority and do not constitute an indebtedness  
17 of this state or any political subdivision of this state other  
18 than the authority within the meaning of any constitutional or  
19 statutory debt limit.

20 b. Be registered, issued in denominations as the authority  
21 prescribes, fully negotiable instruments under the laws of  
22 this state, signed on behalf of the authority with the manual  
23 or facsimile signature of the chairperson or vice chairperson,  
24 attested by the manual or facsimile signature of the  
25 secretary, have impressed or imprinted on the obligations the  
26 seal of the authority or a facsimile of it, be payable as to  
27 interest at rates and at times as the authority determines, be  
28 payable as to principal at times over a period not to exceed  
29 thirty years from the date of issuance, at places, and with  
30 reserved rights of prior redemption, as the authority  
31 prescribes, be sold at prices, at public or private sale, and  
32 in a manner as the authority prescribes, and the authority may  
33 pay all expenses, premiums and commissions which it deems  
34 necessary or advantageous in connection with the issuance and  
35 sale, and be issued under and subject to the terms, conditions

1 and covenants providing for the payment of the principal,  
2 redemption premiums, if any, interest and other terms,  
3 conditions, covenants and protective provisions safeguarding  
4 payment, not inconsistent with this chapter, as are found to  
5 be necessary by the authority for the most advantageous sale,  
6 which may include, but are not limited to, covenants with the  
7 holders of the obligations as to:

8 (1) Pledging or creating a lien, to the extent provided by  
9 the resolution, on moneys or property of the authority or  
10 moneys held in trust or otherwise by others to secure the  
11 payment of the obligations.

12 (2) Providing for the custody, collection, securing,  
13 investment and payment of any moneys of or due to the  
14 authority.

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

17 (4) Limitations on the purpose to which the proceeds of  
18 sale of an issue of obligations then or thereafter to be  
19 issued may be applied.

20 (5) Limitations on the issuance of additional obligations  
21 and on the refunding of outstanding or other obligations.

22 (6) The procedure by which the terms of a contract with  
23 the holders of obligations may be amended or abrogated, the  
24 amount of obligations the holders of which must consent to the  
25 contract, and the manner in which consent may be given.

26 (7) The creation of special funds into which moneys of the  
27 authority may be deposited.

28 (8) Vesting in a trustee properties, rights, powers and  
29 duties in trust as the authority determines, which may include  
30 the rights, powers and duties of the trustee appointed for the  
31 holders of any issue of obligations pursuant to section  
32 175A.10, in which event the provisions of that section  
33 authorizing appointment of a trustee by the holders of  
34 obligations shall not apply, or limiting or abrogating the  
35 right of the holders of obligations to appoint a trustee under

1 that section, or limiting the rights, duties and powers of the  
2 trustee.

3 (9) Defining the acts or omissions which constitute a  
4 default in the obligations and duties of the authority and  
5 providing for the rights and remedies of the holders of  
6 obligations in the event of a default. However, rights and  
7 remedies shall be consistent with the laws of this state.

8 (10) Any other matters which affect the security and  
9 protection of the obligations and the rights of the holders or  
10 which the authority deems necessary and advisable in  
11 furtherance of its purposes.

12 c. Include other information and be subject to other terms  
13 and conditions as the authority deems necessary and provides  
14 by rule.

15 5. The authority may issue its obligations for the purpose  
16 of refunding any obligations of the authority then  
17 outstanding, including the payment of any redemption premiums  
18 on the obligations and any interest accrued or to accrue to  
19 the date of redemption of the outstanding obligations. Until  
20 the proceeds of obligations issued for the purpose of  
21 refunding outstanding obligations are applied to the purchase  
22 or retirement of outstanding obligations or the redemption of  
23 outstanding obligations, the proceeds may be placed in escrow  
24 and be invested and reinvested in accordance with this  
25 chapter. The interest, income and profits earned or realized  
26 on an investment may also be applied to the payment of the  
27 outstanding obligations to be refunded by purchase, retirement  
28 or redemption. After the terms of the escrow have been fully  
29 satisfied and carried out, any balance of proceeds and  
30 interest earned or realized on the investments may be returned  
31 to the authority for use by it in any lawful manner. All  
32 refunding obligations shall be issued and secured and subject  
33 to the provisions of this chapter in the same manner and to  
34 the same extent as other obligations issued pursuant to this  
35 chapter.

1     6. The authority may issue negotiable obligation  
2 anticipation notes and may renew them from time to time but  
3 the maximum maturity of the notes, including renewals, shall  
4 not exceed ten years from the date of issue of the original  
5 notes. Notes are payable from any available moneys of the  
6 authority not otherwise pledged, or from the proceeds of the  
7 sale of obligations of the authority in anticipation of which  
8 the notes were issued. Notes may be issued for any corporate  
9 purpose of the authority. Notes shall be issued in the same  
10 manner as other obligations, and the resolution authorizing  
11 them may contain any provisions, conditions or limitations,  
12 not inconsistent with the provisions of this subsection, which  
13 the obligation or a resolution of the authority may contain.  
14 Notes may be sold at public or private sale. In case of  
15 default on its notes or violation of any obligations of the  
16 authority to the noteholders, the noteholders shall have all  
17 the remedies provided in this chapter for holders of its  
18 obligations. Notes shall be as fully negotiable as other  
19 obligations of the authority.

20     7. A copy of each pledge agreement by or to the authority,  
21 including without limitation each obligation resolution,  
22 indenture of trust or similar agreement, or any revisions or  
23 supplements to it shall be filed with the secretary of state  
24 and no further filing or other action under sections 554.9101  
25 to 554.9507, article 9 of the uniform commercial code, or any  
26 other law of the state shall be required to perfect the  
27 security interest in the collateral or any additions to it or  
28 substitutions for it, and the lien and trust so created shall  
29 be binding from and after the time made against all parties  
30 having claims of any kind in tort, contract, or otherwise  
31 against the pledgor.

32     8. Neither the members of the authority nor any person  
33 executing its obligations are liable personally on the  
34 obligations or are subject to any personal liability or  
35 accountability by reason of the issuance of the authority's

1 obligations.

2 9. The authority may create and establish one or more  
3 special funds, to be known as "reserve funds", and shall pay  
4 into each reserve fund any proceeds of sale of obligations to  
5 the extent provided in the resolutions of the authority  
6 authorizing their issuance, and any other moneys which may be  
7 available to the authority for the purpose of the fund from  
8 any other sources. All moneys held in a reserve fund, except  
9 as otherwise provided in this chapter, shall be used as  
10 required solely for the payment of the principal of  
11 obligations secured in whole or in part by the fund or of the  
12 sinking fund payments with respect to the obligations, the  
13 purchase or redemption of the obligations, the payment of  
14 interest on the obligations or the payments of any redemption  
15 premium required to be paid when the obligations are redeemed  
16 prior to maturity.

17 Sec. 10. NEW SECTION. 175A.10 REMEDIES OF HOLDERS OF OB-  
18 LIGATIONS.

19 1. If the authority defaults in the payment of principal  
20 or interest on an issue of obligations after they become due,  
21 whether at maturity or upon call for redemption, and the  
22 default continues for a period of thirty days, or if the  
23 authority fails or refuses to comply with this chapter, or  
24 defaults in an agreement made with the holders of an issue of  
25 obligations, the holders of twenty-five percent in aggregate  
26 principal amount of obligations of the issue then outstanding  
27 may appoint a trustee to represent the holders of the  
28 obligations for the purposes provided in this section by  
29 filing an instrument in the office of the clerk of the county  
30 in which the principal office of the authority is located.  
31 The instrument shall be proved or acknowledged in the same  
32 manner as a deed to be recorded.

33 2. The authority or any trustee appointed under the  
34 indenture under which the obligations are issued may, and upon  
35 written request of the holders of twenty-five percent in

1 aggregate principal amount of the issue of obligations then  
2 outstanding shall:

3 a. Enforce all rights of the holders of the obligations,  
4 including the right to require the authority to carry out its  
5 agreements with the holders and to perform its duties under  
6 this chapter.

7 b. Bring suit upon the obligations.

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

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

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

17 The holders of obligations, to the extent provided in the  
18 resolution by which the obligations were issued or in their  
19 agreement with the authority, may enforce any of the remedies  
20 in paragraphs "a" to "e" or the remedies provided in those  
21 agreements for and on their own behalf.

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

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

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

35 Sec. 11. NEW SECTION. 175A.11 OBLIGATIONS AS LEGAL

1 INVESTMENTS.

2 Obligations of the authority are securities in which public  
3 officers, state departments and agencies, political  
4 subdivisions, insurance companies, and other persons carrying  
5 on an insurance business, banks, trust companies, savings and  
6 loan associations, savings banks, investment companies and  
7 other persons carrying on a banking business, administrators,  
8 executors, guardians, conservators, trustees and other  
9 fiduciaries, and other persons authorized to invest in bonds  
10 or other obligations of this state, may properly and legally  
11 invest funds including capital in their control or belonging  
12 to them. The obligations are also securities which may be  
13 deposited with and may be received by public officers, state  
14 departments and agencies, and political subdivisions, for any  
15 purpose for which the deposit of bonds or other obligations of  
16 this state is authorized.

17 Sec. 12. NEW SECTION. 175A.12 NOTICE.

18 The authority may publish a notice of its intention to  
19 issue obligations in a newspaper published in and with general  
20 circulation in the state. The notice shall include a  
21 statement of the maximum amount of obligations proposed to be  
22 issued, and in general, what funds or revenues will be pledged  
23 to pay the obligations and interest on the obligations. An  
24 action which questions the legality of obligations or the  
25 power of the authority to issue the obligations or the  
26 effectiveness of any proceedings adopted for the authorization  
27 or issuance of the obligations shall not be brought after  
28 sixty days from the date of publication of the notice.

29 Sec. 13. NEW SECTION. 175A.13 EXEMPTION FROM TAXATION.

30 Obligations issued under this division are exempt from  
31 taxation by the state of Iowa and the interest thereon is  
32 exempt from state income tax.

33 Sec. 14. NEW SECTION. 175A.14 MONEYS OF THE AUTHORITY.

34 1. Moneys of the authority shall be paid to the authority  
35 and shall be deposited in a bank or other financial

1 institution designated by the authority. The moneys shall be  
2 withdrawn on the order of the person authorized by the  
3 authority. Deposits shall be secured in the manner determined  
4 by the authority. The auditor of state or the auditor's  
5 legally authorized representatives may periodically examine  
6 the accounts and books of the authority, including its  
7 receipts, disbursements, contracts, leases, investments and  
8 other records and papers relating to its financial standing,  
9 and the authority shall not be required to pay a fee for the  
10 examination.

11 2. The authority shall submit to the governor, the auditor  
12 of state and the state comptroller, within thirty days of its  
13 receipt, a copy of the report of every external examination of  
14 the books and accounts of the authority other than copies of  
15 the reports of examinations made by the auditor of state.

16 Sec. 15. NEW SECTION. 175A.15 LIMITATION OF LIABILITY.

17 1. Members of the authority and persons acting in its  
18 behalf, while acting within the scope of their employment or  
19 agency, are not subject to personal liability resulting from  
20 carrying out the powers and duties given in this chapter.

21 2. The obligations of the authority are not obligations of  
22 this state or any political subdivision of this state other  
23 than the authority within the meaning of any constitutional or  
24 statutory debt limitations, but are obligations of the  
25 authority payable solely and only from the authority's funds,  
26 and the authority shall not pledge the credit or taxing power  
27 of this state or any political subdivision of this state other  
28 than the authority or make its debts payable out of any moneys  
29 except for those of the authority.

30 Sec. 16. NEW SECTION. 175A.16 ASSISTANCE BY STATE  
31 OFFICERS, AGENCIES AND DEPARTMENTS.

32 State officers and state departments and agencies may  
33 render services to the authority within their respective  
34 functions as requested by the authority.

35 Sec. 17. NEW SECTION. 175A.17 CONFLICTS OF INTEREST.

1 1. If a member or employee other than the executive  
2 director of the authority has an interest, either direct or  
3 indirect, in a contract to which the authority is or is to be  
4 a party or in a lending institution which is seeking a payment  
5 for a reduction in the interest rate on a borrower's farm  
6 operating loan, the interest shall be disclosed to the  
7 authority in writing and shall be set forth in the minutes of  
8 the authority. The member or employee having the interest  
9 shall not participate in action by the authority with respect  
10 to that contract or lending institution.

11 2. This section does not limit the right of a member,  
12 officer or employee of the authority other than the executive  
13 director to have an interest in a bank or other financial  
14 institution in which the funds of the authority are deposited.

15 3. The executive director shall not have an interest in a  
16 bank or other financial institution in which the funds of the  
17 authority are deposited. The executive director shall not  
18 receive, in addition to fixed salary or compensation, money or  
19 anything valuable, either directly or indirectly, or through a  
20 substantial interest in another corporation or business unit,  
21 for negotiating, procuring, recommending or aiding in a  
22 payment made by the authority under section 175A.8, subsection  
23 4, nor shall the executive director be pecuniarily interested,  
24 either as principal, coprincipal, agent or beneficiary, either  
25 directly or indirectly or through any substantial interest in  
26 another corporation or business unit, in a payment made by the  
27 authority under section 175A.8, subsection 4.

28 Sec. 18. NEW SECTION. 175A.18 EXEMPTION FROM COMPETITIVE  
29 BID LAWS.

30 The authority and contracts made by it in carrying out its  
31 public and essential governmental functions are exempt from  
32 the laws of the state which provide for competitive bids in  
33 connection with the contracts.

34 Sec. 19. NEW SECTION. 175A.19 LENDING INSTITUTION  
35 OBLIGATIONS.

1 1. The authority shall collect from each lending  
2 institution participating in the operating assistance program  
3 and each participating lending institution shall pay an amount  
4 equal to eight percent of the equity capital of each  
5 participating stock-owned lending institution and five percent  
6 of the surplus of each participating mutually owned lending  
7 institution.

8 2. The amount collected by the authority shall become  
9 moneys of the authority and shall be deposited in a special  
10 trust fund held in the name of and for the benefit of the  
11 authority by a state bank or national banking association with  
12 trust powers. The amount collected by the authority shall be  
13 invested while on deposit in the special trust fund and shall  
14 remain invested and on deposit in the special trust fund until  
15 the final maturity of the authority's obligations issued to  
16 fund the particular operating assistance program in which the  
17 lending institutions are participating. At the time of the  
18 final maturity the amount on deposit, including a pro rata  
19 share of any investment earnings not already used in ac-  
20 cordance with subsection 3, shall be returned to the lending  
21 institution making the initial deposit.

22 3. All investment earnings from the amount on deposit in  
23 the special trust fund shall be deposited when earned into a  
24 separate account of the special trust fund and pledged to the  
25 payment of principal of and interest on the authority's  
26 obligations issued to fund the operating assistance program in  
27 which the lending institutions are participating pursuant to  
28 the resolution under which the obligations were issued. All  
29 investment earnings not used to pay principal of and interest  
30 on the authority's obligations shall be commingled with other  
31 moneys on deposit in the special trust fund and reinvested  
32 with such moneys.

33 4. Neither the authority nor the holders of any of the  
34 authority's obligations shall have any claim or right to the  
35 amount on deposit in the special trust fund other than to the

1 investment earnings held in the separate account of the  
2 special trust fund. The authority shall not use the amount on  
3 deposit in the special trust fund, other than the earnings in  
4 the separate account, to pay principal of and interest on its  
5 obligations.

6 Sec. 20. NEW SECTION. 175A.20 LENDING INSTITUTION WRITE-  
7 OFF OF BOUGHT-DOWN INTEREST.

8 A lending institution participating in the operating  
9 assistance program under this chapter may write off the  
10 interest bought down under the program over a period not to  
11 exceed seven years, rather than writing off the entire amount  
12 during the year in which the interest is bought down.

13 Sec. 21. NEW SECTION. 175A.21 REAL PROPERTY VALUATION.

14 Real property which is valued by a lending institution for  
15 the purpose of determining the debt-to-asset ratio of a  
16 borrower in conjunction with the borrower's application for an  
17 operating loan or a loan for the acquisition of real or  
18 personal property shall be valued by determining the per acre  
19 average of the valuations for the current year and the four  
20 previous years for the same type of real property in the  
21 county in which the real property is located as published by  
22 Iowa state university of science and technology. If a per  
23 acre appraisal conducted by an independent real estate  
24 appraiser is available for the current year or for any of the  
25 four previous years for the real property, the appraised  
26 values shall be used in place of the county average per acre  
27 valuation to compute the five-year average. The value  
28 determined pursuant to this section shall be recomputed using  
29 the method provided in this section each year a loan subject  
30 to this chapter remains in existence and unpaid.

31 Sec. 22. NEW SECTION. 175A.22 LIBERAL INTERPRETATION.

32 This chapter, being necessary for the welfare of this state  
33 and its inhabitants, shall be liberally construed to effect  
34 its purposes.

35 Sec. 23. Section 524.910, subsection 2, Code 1985, is

1 amended to read as follows:

2 2. Real property purchased by a state bank at sales upon  
3 foreclosure of mortgages or deeds of trust owned by it, or  
4 acquired upon judgments or decrees obtained or rendered for  
5 debts due it, or ~~such~~ real property ~~as-shall-be~~ conveyed to it  
6 in satisfaction of debts previously contracted in the course  
7 of its business, or ~~such~~ real property ~~as-it-may-obtain-by~~  
8 obtained by it through redemption as a junior mortgagee or  
9 judgment creditor, shall be sold or otherwise disposed of by  
10 the state bank within ~~one-year~~ three years after title is  
11 vested in the state bank, unless the time is extended by the  
12 superintendent. Real property held by a state bank pursuant  
13 to this subsection shall be valued on the books of the bank at  
14 a value determined by obtaining the per acre average of the  
15 valuations for the current year and the four previous years  
16 for the same type of real property in the county in which the  
17 real property is located as published by Iowa state university  
18 of science and technology. If a per acre appraisal conducted  
19 by an independent real estate appraiser is available for the  
20 current year or for any of the four previous years for the  
21 agricultural land, the appraised values shall be used in place  
22 of the county average per acre valuation to compute the five-  
23 year average. Before the state bank sells or otherwise  
24 disposes of real property held pursuant to this subsection,  
25 the state bank shall first offer the prior owner the oppor-  
26 tunity to repurchase the real property on the terms the state  
27 bank proposes to sell or dispose of the real property.

28 Sec. 24. NEW SECTION. 628.26A AGREEMENT TO EXTEND PERIOD  
29 OF REDEMPTION.

30 Notwithstanding section 628.3, the debtor and the mortgagee  
31 of real property after the filing of the foreclosure petition,  
32 may enter into a written agreement to extend the debtor's  
33 period of redemption up to five years, and may set forth other  
34 terms and conditions of the extended redemption as agreed upon  
35 by the parties, including allowing the debtor to lease the

1 property. However, the rights of the debtor and other parties  
2 who have a secured interest in the real property shall not be  
3 reduced beyond those set forth in this chapter. The agreement  
4 entered into by the debtor and the mortgagee pursuant to this  
5 section must be approved by the court and shall be filed in  
6 the foreclosure proceedings. An agreement pursuant to this  
7 section does not constitute an equitable mortgage.

8 Sec. 25. NEW SECTION. 628.29 REDEMPTION PERIODS OF  
9 JUNIOR CREDITORS AFTER VOLUNTARY CONVEYANCE.

10 If the owner of mortgaged real estate conveys the real  
11 estate to the mortgagee prior to foreclosure of the mortgage,  
12 the mortgagee shall acquire the real estate subject to liens  
13 of record at the time of conveyance. The lien of the mortgage  
14 shall remain prior to liens which were junior to the mortgage  
15 at the time of the conveyance. After the conveyance, the  
16 mortgagee may foreclose the mortgage. If the mortgagee  
17 forecloses the mortgage after the conveyance, the court shall  
18 enter judgment against the subject property for the entire  
19 amount due under the mortgage. If the mortgagee forecloses  
20 the mortgage after the conveyance, junior creditors may redeem  
21 the real estate within sixty days from the date of the  
22 execution sale, except that the junior creditors may redeem  
23 within thirty days from the date of the execution sale if the  
24 conveyance from the owner of the mortgaged real estate to the  
25 mortgagee recites that the owner is released from personal  
26 liability for the debt secured by the mortgage. If the  
27 mortgagee relies upon this section to reduce the period of  
28 redemption by junior creditors, the petition for foreclosure  
29 shall state the reliance and shall refer to this section. If  
30 a mortgagee accepts a conveyance from the owner pursuant to  
31 this section and if the conveyance recites that the owner is  
32 released from personal liability for the debt secured by the  
33 mortgage, then the mortgagee shall not report to credit  
34 bureaus the owner as delinquent with respect to the debt after  
35 the date of the conveyance.

1     Sec. 26. NEW SECTION. 28.101 INTEN .

2     It is the intent of the general assembly that this division  
3 be used to enhance Iowa's agricultural exports, to assist  
4 exporters and producers of agricultural products, and to take  
5 advantage of the Export Trading Company Act of 1982, Pub. L.  
6 No. 97-290.

7     Sec. 27. NEW SECTION. 28.102 AUTHORIZED CORPORATION.

8     There may be incorporated under chapter 496A a corporation  
9 which shall be known as the Iowa export trading company. If  
10 incorporated, this corporation shall be established by the  
11 director of the Iowa development commission. The initial  
12 board of directors shall consist of the director and six  
13 additional members appointed by the director. The six members  
14 appointed by the director shall be knowledgeable in the area  
15 of farming, exporting, or marketing finance. The commission  
16 may expend an amount not to exceed one hundred thousand  
17 dollars necessary to establish and operate the export trading  
18 company until the completion of the public offering of stock.  
19 The funds used shall be repaid to the commission upon  
20 completion of its public offering of stock. Financing for the  
21 export trading company shall initially come from its public  
22 offering of stock to residents of this state. In preparation  
23 for this sale, a detailed marketing study shall be conducted  
24 which will serve as the basis for the company work plan and  
25 the company prospectus. After the sale of stock, provision  
26 shall be made for the election of a board of directors by the  
27 stockholders to replace the initial board of directors.  
28 However, the director of the Iowa development commission shall  
29 be an ex officio member of the board representing the state of  
30 Iowa. The director of the Iowa development commission shall  
31 also serve as an agent for the company.

32     The articles of incorporation of the company and the  
33 prospectus on the issuance of stock in the company shall  
34 provide that only residents of the state may be owners of the  
35 stock of the company and shall provide a prohibition against

1 the takeover of the company.

2 Sec. 28. NEW SECTION. 28.103 PURPOSES AND POWERS.

3 1. The purposes of the Iowa export trade company are to  
4 assist agricultural exporters, expand existing markets, and  
5 develop new markets through, but not limited to, direct  
6 contracts with foreign governments or their agencies,  
7 specialty-type deliveries, and countertrade options.  
8 Specialty-type deliveries include small deliveries of grains  
9 or other agricultural products to countries with inadequate  
10 storage capacities or high quality grain deliveries through  
11 reduced blending.

12 2. The Iowa export trade company has the powers necessary  
13 to fulfill the purposes of this division and those provided in  
14 chapter 496A and the Export Trading Company Act of 1982, Pub.  
15 L. No. 97-290 which are not inconsistent with or limited by  
16 this division.

17 Sec. 29. The legislative council shall appoint an interim  
18 study committee to study the coordination of this Act with  
19 federal programs, to observe the implementation of this Act,  
20 and to explore alternatives for the future application of this  
21 Act. The committee shall make a report of its findings and  
22 recommendations, accompanied by legislative bill drafts to  
23 implement its recommendations to the legislative council and  
24 to the Seventy-first General Assembly, 1986 Session.

25 EXPLANATION

26 This bill adds several provisions relating to the state's  
27 farm and small business economy.

28 Sections 1 through 22 create an Iowa economic protective  
29 and investment authority. The authority may issue bonds and  
30 notes for the purposes of providing operating assistance and  
31 debt restructuring of farm and small business loans. This is  
32 done primarily through the mechanism of an interest rate buy-  
33 down. Section 20 provides that a participating lending  
34 institution may write off the interest bought down over a  
35 seven-year period.

1 Section 21 provides that real property used to secure loans  
2 shall be valued on the five-year average of the real property.

3 Section 23 provides that a bank shall value real property  
4 held by the bank after foreclosure of a mortgage or other debt  
5 collection procedures on the basis of the five-year average of  
6 the real property and increases the holding period to five  
7 years. The prior owner is given a right of first refusal upon  
8 the sale of the repossessed land.

9 Section 24 allows debtors and mortgagees to stipulate the  
10 terms of an extended redemption period, if approved by the  
11 court.

12 Section 25 provides for redemption periods of junior  
13 creditors after a voluntary transfer in lieu of foreclosure.

14 Sections 26 through 28 authorize the Iowa development  
15 commission to incorporate the Iowa export trade company. The  
16 purposes of the company are to assist agricultural exporters,  
17 expand existing markets and development of new markets  
18 through, but not limited to, direct contracts with foreign  
19 governments or their agencies, specialty-type deliveries of  
20 products, and countertrade options.

21 Section 29 requests an interim study of the implementation  
22 of this Act.

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SENATE 22  
APRIL 30, 1985

S-4109

SENATE FILE 577

1 Amend Senate File 577 as follows:  
2 1. Page 23, by inserting after line 27 the  
3 following:  
4 "Sec. \_\_\_\_ . Section 534.213, subsection 1, Code  
5 1985, is amended by adding the following new lettered  
6 paragraphs:  
7 NEW LETTERED PARAGRAPH. 1. In addition to other  
8 investments authorized in this section, an association  
9 may invest and may continue previous investments in  
10 capital stock, obligations, or other securities of  
11 finance subsidiaries and may exercise powers with  
12 respect to finance subsidiaries to the same extent as  
13 a federal association is permitted under the Home  
14 Owners' Loan Act of 1933, 12 U.S.C. § 1464, and  
15 regulations adopted thereunder by the federal home  
16 loan bank board up to and including January 1, 1985.  
17 Investments authorized by this subsection shall not be  
18 counted in applying the limitations on investments in  
19 service corporations in paragraph "j".  
20 NEW LETTERED PARAGRAPH. m. In addition to other  
21 investments authorized in this section, an association  
22 may invest and may continue previous investments in  
23 capital stock, obligations, or other securities of  
24 corporations which are wholly owned by the association  
25 and which exercise only those powers which may be  
26 exercised by an association under this chapter.  
27 Investments authorized by this subsection shall not be  
28 counted in applying the limitations on investments in  
29 service corporations in paragraph "j".  
30 Sec. \_\_\_\_ . Section 534.213, subsection 3, Code  
31 1985, is amended to read as follows:  
32 3. Investment in EFT organizations. Subject to  
33 the prior approval of the supervisor, in shares in a  
34 corporation engaged solely in providing and operating  
35 facilities through which an association and its  
36 members may engage, by means of either the direct  
37 transmission of electronic impulses to and from the  
38 association or the recording of electronic impulses or  
39 other indicia of a transaction for delayed  
40 transmission to the association, in transactions in  
41 which such the association is otherwise permitted to  
42 engage pursuant to applicable law."  
43 2. Title page, line 9, by inserting after the  
44 word "bank," the following: "by modifying the  
45 investment powers of the state chartered savings and  
46 loan associations and savings banks,".  
47 3. Renumber as necessary.

*Adopted 4/29/85 (p. 1758)*

S-4109 Filed April 29, 1985

By HOLDEN

SENATE 24  
APRIL 30, 1985

S-4107

SENATE FILE 577

- 1 Amend Senate File 577 as follows:  
2 1. Page 22, by inserting after line 5 the  
3 following:  
4 "Sec.         . NEW SECTION. 175A.19A LENDING  
5 INSTITUTIONS INCENTIVES.  
6 The superintendent of banking shall certify that a  
7 state bank or national banking association which  
8 participates in the operating assistance program is  
9 meeting its obligations to meet the credit needs of  
10 its community as provided in the federal Community  
11 Reinvestment Act of 1977, 12 U.S.C. § 2901-2905."  
12 2. Title page, line 4, by inserting after the  
13 word "duties," the following: "providing for  
14 incentives for lending institutions to participate in  
15 the operating assistance program,".  
16 3. Renumber/as necessary.

*Adopted 4/29/85 (p 1749)*

S-4107 Filed April 29, 1985

By HULTMAN

S-4106

SENATE FILE 577

- 1 Amend Senate File 577 as follows:  
2 1. Page 22, by inserting after line 5 the  
3 following:  
4 "Sec.         . NEW SECTION. 175A.19A LENDING  
5 INSTITUTIONS INCENTIVES.  
6 A lending institution participating in the  
7 operating assistance program may value on its books  
8 the amount collected from it by the authority and held  
9 by the authority at the full face amount thereof."  
10 2. Title page, line 4, by inserting after the  
11 word "duties," the following: "providing for  
12 incentives for lending institutions to participate in  
13 the operating assistance program,".  
14 3. Renumber/as necessary.

S-4106 Filed April 29, 1985

By HULTMAN

*B. 4/29 4/29 (p 1749)*  
*A. Placed c/c 4/29 (p 1753)*

1 Amend Senate File 577 as follows:

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2 1. Page 1, by inserting before line 1 the  
3 following:

4 "Section 1. NEW SECTION. 172C.16. EXCEPTION.

5 1. Notwithstanding section 172C.4, until July 1,  
6 1987, a corporation or trust may acquire agricultural  
7 land in this state if four of the following five state  
8 officials sign a joint order permitting such  
9 acquisitions:

- 10 a. The auditor of state.  
11 b. The attorney general.  
12 c. The secretary of agriculture.  
13 d. The treasurer of state.  
14 e. The superintendent of banking.

B 15 2. In determining whether to issue an order, the  
16 state officials enumerated in subsection 1 shall meet  
17 in a joint meeting. A meeting may be called by any  
18 one of the officials. At the meeting, the officials  
19 shall consider all of the following factors:

- 20 a. The economy of this state and in particular the  
21 agricultural economy.  
22 b. The amount of farmland for sale and the amount  
23 of farmland anticipated to be for sale.  
24 c. The price of farmland and the anticipated price  
25 of farmland.  
26 d. The numbers of anticipated purchasers of  
27 farmland if the provisions of section 172C.4 remain in  
28 effect.  
29 e. The anticipated effect on the price of farmland  
30 if an order is issued.

31 3. An order issued pursuant to this section may be  
32 limited as in time and may be terminated sooner or  
33 extended in the same manner in which it was issued."

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34 2. Page 23, by inserting after line 27 the  
35 following:

36 "Sec. \_\_\_\_ . Section 524.1805, Code 1985, is amended  
37 to read as follows:

38 524.1805 OUT-OF-STATE HOLDING COMPANIES.

A 39 Nothing in this division shall be construed to  
40 authorize a bank holding company which is with respect  
41 to the state of Iowa an "out-of-state bank holding  
42 company", as defined or referred to in 12 U.S.C.  
43 1842(d), as amended to January 1, 1971, to acquire any  
44 of the voting shares of, any interest in, all or  
45 substantially all of the assets of, or power to  
46 control in any manner the election of any of the  
47 directors of any bank in this state, unless such bank  
48 holding company was on January 1, 1971 registered with  
49 the federal reserve board as a bank holding company,  
50 and on that date owned at least two banks in this

S-4112 page 2

A 1 state or unless the bank holding company had entered  
2 into a contract on or before July 1, 1984, to directly  
3 or indirectly acquire voting shares, an interest in  
4 all or substantially all of the assets of, or control  
5 of a bank holding company or a bank located in this  
6 state."

B 7 3. Title page, line 1, by inserting after the  
8 word "Iowa," the following: "providing for the  
9 corporate ownership of agricultural land under certain  
10 conditions,".

A 11 4. Title page, line 9, by inserting after the  
12 word "bank," the following: "providing for out-of-  
13 state bank holding companies to conduct business in  
14 this state under certain conditions,".

S-4112 Filed April 29, 1985 By KINLEY

*B. Quoted not given am 4/29/85 (p 1752)  
4. ~~Flora~~ ~~etc~~ (p. 1753) ~~Loose~~ 4/30 (p 1779)  
~~Revisions~~ adopted 4/30 (p. 1752)*

S-4111

SENATE FILE 577

1 Amend Senate File 577 as follows:

2 1. Page 22, by inserting after line 5 the  
3 following:

4 "A lending institution participating in the  
5 operating assistance program may value on its books  
6 the amount collected from it by the authority and held  
7 by the authority at the full face amount thereof."

*Adopted 4/29 (p 1753)*

S-4111 Filed April 29, 1985

By HULTMAN

1 Amend Senate File 577 as follows:

2 1. Page 22, by inserting after line 5 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 175A.19R ACQUISITIONS.

5 1. Notwithstanding the restrictions of section  
6 524.1805, until July 1, 1986, an out-of-state bank  
7 holding company, as defined or referred to in 12  
8 U.S.C. § 1842(d) as amended to January 1, 1971 which  
9 is located in a state contiguous to this state and  
10 which is the holder of obligations of the authority  
11 issued pursuant to section 175A.9, may directly or  
12 indirectly acquire all or any portion of the voting  
13 securities or other capital stock of, or any interest  
14 in all or substantially all of the assets of, or power  
15 to control in any manner the election of any of the  
16 directors of one or more state banks, domestic bank  
17 holding companies, or national banks conducting a  
18 banking business in this state if the state banks,  
19 national banking associations, or the banks owned or  
20 controlled by the domestic bank holding company  
21 proposed to be acquired are lending institutions  
22 participating in the operating assistance program and  
23 the banks, or the banks owned or controlled by the  
24 domestic bank holding company cumulatively, have  
25 twenty-five percent of their outstanding loans in  
26 agricultural loans.

27 2. Any such acquisition shall be subject to the  
28 prior express written approval of the superintendent  
29 of banking. The approval shall be granted or denied  
30 in the sole discretion of the superintendent of  
31 banking. The out-of-state bank holding company  
32 desiring to make an acquisition under subsection 1 and  
33 the bank, national banking association, or domestic  
34 bank holding company parent of the bank, if any,  
35 proposed to be acquired shall file an application in  
36 writing with the superintendent of banking. The  
37 application shall contain such information as the  
38 superintendent of banking may prescribe by rule as  
39 necessary or appropriate for the purpose of making a  
40 determination under this section. The application and  
41 supporting information and all examination reports and  
42 information obtained by the superintendent shall be  
43 confidential and privileged and not subject to public  
44 disclosure except that the application and information  
45 may be disclosed to federal bank regulatory agencies.

46 3. In determining whether to approve the  
47 application the superintendent of banking shall  
48 consider all of the following:

49 a. The financial institution structure of this  
50 state.

S-4116 page 2

1 b. The economy of this state and the need for  
2 access to credit, financial services and capital.

3 c. The convenience and needs of the public of this  
4 state.

5 d. Whether the applicant out-of-state bank holding  
6 company has demonstrated an acceptable record of  
7 meeting the credit needs of its entire community,  
8 consistent with the safe and sound operation of such  
9 institution.

10 4. For the purposes of this section, a bank  
11 holding company is deemed to be located in the state  
12 in which the operations of its banking subsidiaries  
13 are "principally conducted" as defined in 12 U.S.C. §  
14 1842(d), as amended to January 1, 1971. However, a  
15 bank holding company that is itself owned or  
16 controlled, directly or indirectly, by another bank  
17 holding company shall be deemed to be located in the  
18 state in which the operations of the banking  
19 subsidiaries of its parent bank holding company are  
20 "principally conducted" as defined in 12 U.S.C. § 1842  
21 (d), as amended to January 1.

22 5. If an out-of-state bank holding company has  
23 entered into a contract to acquire directly or  
24 indirectly all or any portion of the voting securities  
25 or other capital stock of, or any interest in all or  
26 substantially all of the assets of, or power to  
27 control in any manner the election of any of the  
28 directors of one or more state banks, domestic bank  
29 holding companies, or national banks conducting a  
30 banking business in this state prior to July 1, 1986,  
31 the transaction may be consummated after July 1, 1986,  
32 upon approval by the appropriate state and federal  
33 regulatory authorities and may make such changes as  
34 may be required by them in the terms of the  
35 acquisition.

36 6. Notwithstanding the restrictions of section  
37 524.1805, an out-of-state bank holding company which  
38 had entered into a contract on or before July 1, 1984  
39 to directly or indirectly acquire voting shares, an  
40 interest in all or substantially all of the assets of,  
41 or control of a bank holding company or a bank located  
42 in this state may consummate the transaction and  
43 acquire the voting shares, an interest in or  
44 substantially all of the assets of, or control of the  
45 bank holding company or bank located in this state as  
46 provided in the contract."

47 2. Title page, line 6, by inserting after the  
48 word "program," the following: "providing for certain  
49 acquisitions by certain out-of-state bank holding  
50 companies,".

page 3

1 3. Renumber as necessary.

S-4116 Filed April 29, 1985

By HOLDEN

*Amended June 4/30/85 (p 17797)*

S-4127

SENATE FILE 577

1 Amend amendment S-4116 to Senate File 577 as  
2 follows:

3 1. Page 2, line 23, by inserting after the word  
4 "contract" the following: "as authorized by subsec-  
5 tion 1".

6 2. Page 2, by inserting after line 35 the fol-  
7 lowing:

8 " . This section is enacted as an exercise of  
9 the police power of this state and shall be strictly  
10 construed. The conditions and limitations contained  
11 in this section are not severable. This section shall  
12 be void upon the occurrence of either of the  
13 following:

14 1. A court or administrative officer or agency of  
15 either this state or the United States determined that  
16 any restriction by way of condition or limitation con-  
17 tained in this section is invalid or unenforceable or  
18 that this section authorizes acquisitions of interest  
19 in Iowa banks by out-of-state bank holding companies  
20 other than those meeting the expressed requirements  
21 and conditions of this section.

22 2. The United States congress enacts a bill which  
23 becomes law and which expressly provides, or is inter-  
24 preted or construed by any court or administrative  
25 officer or agency to provide, that any restriction by  
26 way of condition or limitation contained in this  
27 section is invalid or unenforceable or that this  
28 section authorizes acquisitions of interests in Iowa  
29 banks by out-of-state bank holding companies other  
30 than those meeting the expressed requirements and  
31 conditions of this section.

32 If this section becomes void as provided in this  
33 section, any previously completed acquisition affected  
34 under the authority of this section shall remain  
35 valid."

36 3. Page 2, line 50, by inserting after the word  
37 "companies" the following: "which are located in  
38 contiguous states, of interests in state banks and  
39 national banking associations which are participating  
40 in the operating assistance program, or in their  
41 parent holding companies".

*Adopted 4/29/85 (p. 1762)*

4127 Filed April 29, 1985

By HOLDEN

1 Amend Senate File 577 as follows:

2 1. Page 23, by inserting after line 27 the  
3 following:

4 "Sec. \_\_\_\_ . Section 537.2402, subsection 3, Code  
5 1985, is amended to read as follows:

6 3. If the billing cycle is monthly, the charge may  
7 shall not exceed an amount equal to one and-one-half  
8 point sixty-five percent of that part of the maximum  
9 amount pursuant to subsection 2 which is five hundred  
10 dollars or less and one and one-fourth percent of that  
11 part of the maximum amount which is more than five  
12 hundred dollars. If the billing cycle is not monthly,  
13 the maximum charge for the billing cycle shall bear  
14 the same relation to the applicable monthly maximum  
15 charge as the number of days in the billing cycle  
16 bears to three hundred sixty-five divided by twelve.  
17 A billing cycle is monthly if the closing date of the  
18 cycle is the same date each month or does not vary by  
19 more than four days from the regular date."

20 2. Title, line 9, by inserting after the word  
21 "bank," the following: "permitting a creditor in a  
22 consumer credit transaction who is authorized to make  
23 supervised loans pursuant to open-end credit to charge  
24 a finance charge not to exceed one point sixty-five  
25 percent per month,".

*Not germane 4/29 (p. 1765)*

S-4119 Filed April 29, 1985

By WELSH

1 Amend the amendment S-4116 to Senate File 577 as  
2 follows:

3 1. Page 2, by striking lines 36 through 46.

*Adopted 4/29 (p. 1762)*

S-4118 Filed April 29, 1985

By HOLDEN

1 Amend Senate File 577 as follows:

2 1. Page 9, line 30, by striking the word "three"  
3 and inserting the word "five".

4 2. Page 10, by striking lines 4 and 5, and  
5 inserting the following: "determined by the  
6 authority, necessary to reimburse the lending  
7 institution for the reduction of the interest rate on  
8 the borrower's operating loan by two".

*Adopted 4/29/85 (p. 1764)*

S-4122 Filed April 29, 1985

By HOLDEN

1 Amend amendment S-4112 to Senate File 577 as  
2 follows:

3 1. Page 2, by inserting after line 6 the fol-  
4 lowing:

5 "This section is enacted as an exercise of the  
6 police power of this state and shall be strictly  
7 construed. The conditions and limitations contained  
8 in this section are not severable. This section shall  
9 be void upon the occurrence of either of the  
10 following:

11 1. A court or administrative officer or agency of  
12 either this state or the United States determined that  
13 any restriction by way of condition or limitation con-  
14 tained in this section is invalid or unenforceable or  
15 that this section authorizes acquisitions of interest  
16 in Iowa banks by out-of-state bank holding companies  
17 other than those meeting the expressed requirements  
18 and conditions of this section.

19 2. The United States congress enacts a bill which  
20 becomes law and which expressly provides, or is inter-  
21 preted or construed by any court or administrative  
22 officer or agency to provide, that any restriction by  
23 way of condition or limitation contained in this  
24 section is invalid or unenforceable or that this  
25 section authorizes acquisitions of interests in Iowa  
26 banks by out-of-state bank holding companies other  
27 than those meeting the expressed requirements and  
28 conditions of this section.

29 If this section becomes void as provided in this  
30 section, any previously completed acquisition affected  
31 under the authority of this section shall remain  
32 valid."

33 2. Page 2, by striking lines 13 and 14 and in-  
34 serting the following: "state bank holding companies  
35 to acquire interests in Iowa banks if those bank  
36 holding companies had entered into contracts on or  
37 before July 1, 1984, to directly or indirectly acquire  
38 voting shares, an interest in all or substantially all  
39 of the assets of, or control of bank holding companies  
40 or banks located in this state,".

*Adopted 4/20/85 (p. 1779)*

S-4130 Filed April 29, 1985

By RIFE

S-4131

SENATE FILE 577

1 Amend Senate File 577 as follows:

2 1. Page 22, by striking lines 21 through 27, and  
3 inserting the following: "county in which the real  
4 property is located by means of an appraisal conducted  
5 by an independent real estate appraiser for the  
6 current year and for each of the four previous years.  
7 The value".

*Done 4/29/85 (p. 1764)*

S-4131 Filed April 29, 1985

By WALDSTEIN

Amend Senate file 577 as follows:

1. Page 22, by inserting after line 34 the following:

"Sec. \_\_\_\_ . Section 511.8, subsection 4, Code 1985, is amended to read as follows:

4. INTERNATIONAL BANK BONDS. Bonds or other evidence of indebtedness issued, assumed or guaranteed by the International Bank for reconstruction and development, in an amount not to exceed two percent of its total assets as shown by the last annual report, or by the Inter-American Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report, or by the Asian Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report or by the African Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report. However, the combined investment in bonds or evidences of indebtedness permitted by this subsection shall not exceed four percent of its total assets as shown by the last annual report."

2. Title, line 6, by inserting after the word "program," the following: " by permitting life insurance companies organized under chapter 508 to invest in bonds or other evidence of indebtedness of the African Development Bank,".

3. Renumber as necessary.

*File German 4/29 (p. 1764)*

S-4124 Filed April 29, 1985

By MANN

S-4129

SENATE FILE 577

Amend Senate File 577 as follows:

1. By striking page 9, lines 30 through line 35, and inserting the following: "existing and unpaid loan, to a rate below the maximum lawful rate of interest which was determined by the superintendent of banking pursuant to section 535.2, subsection 3, for the calendar month in which the application was approved by the authority. The maximum lawful rate of interest shall include any and all costs associated with the transaction. However, the authority may adjust the rate if necessary to accommodate".

2. Page 10, line 1, by striking the words "financial conditions" and inserting the words "rate variations".

3. Page 10, by striking lines 2 through 8, and inserting the following: "give to each lending institution a grant in an amount of forty percent of the interest rate reduction but not less than four-tenths percent age points and not more than two percentage points on the principal of the borrower's operating loan for the period of the loan not to exceed one year. The grant shall be paid to the lending institution within one hundred fifty days after the date the application is approved. However, a grant for the reduction of interest on an operating loan shall not exceed four thousand dollars."

4. Page 11, by striking lines 8 through 13, and inserting the following: "the fiscal year, shall revert to the special fund."

S-4129 Filed April 29, 1985

By WALDSTEIN

*Blair 0/6 4/29 (p. 1764)*

S-4140

SENATE FILE 577

1 Amend Senate File 577 as follows:  
2 1. Page 5, by striking line 20 and inserting the  
3 following: "shall serve a four-year term at the  
4 pleasure of the governor. The term shall begin and  
5 end as provided in section 69.19. The executive".  
6 2. Page 26, by inserting after line 24 the  
7 following:  
8 "Sec. \_\_\_\_\_. Notwithstanding section 175A.5, the  
9 governor shall appoint, subject to the confirmation of  
10 the senate, an initial executive director to a term  
11 that shall end at midnight on April 30, 1987.  
12 Subsequent executive directors shall be appointed to  
13 four-year terms as provided in section 175A.5 with the  
14 initial four-year term commencing on May 1, 1987."

S-4140 Filed April 30, 1985

By DELUHERY

*Adopted 4/30/85 (p 1777)*

S-4141

SENATE FILE 577

1 Amend Senate File 577 as follows:  
2 1. Page 23 by inserting after line 27 the  
3 following:  
4 "Sec. \_\_\_\_\_. NEW SECTION. 615.4 CHAPTER  
5 INAPPLICABLE IN CERTAIN SITUATION.  
6 This chapter shall not be applied to actions which  
7 are subject to an agreement entered into pursuant to  
8 section 628.26A."

S-4141 Filed April 30, 1985

By SMALL

*Adopted 4/30 (p 1780)*

S-4142

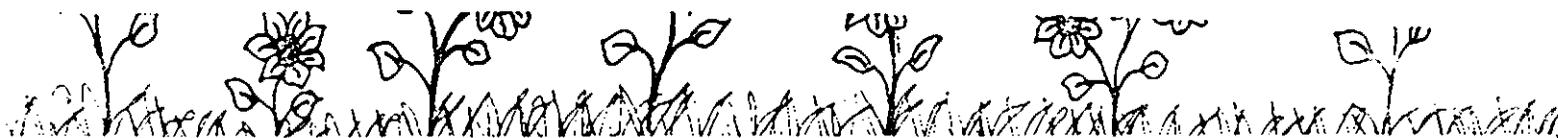
SENATE FILE 577

1 Amend Senate File 577 as follows:  
2 1. Page 21, line 4, by striking the word "eight"  
3 and inserting the following: "five".

S-4142 Filed April 30, 1985

By COLEMAN

*Done 4/30 (p 1780)*



SENATE 37  
APRIL 30, 1985

S-4138

SENATE FILE 577

- 1 Amend Senate File 577 as follows:
- 2 1. By striking page 4, line 32 through page 5,
- 3 line 5, and inserting in lieu thereof the words "in
- 4 the state."

S-4138 Filed April 29, 1985 By RITSEMA

*Adopted 4/30/85 (p. 1771)*

S-4133

SENATE FILE 577

- 1 Amend Senate File 577 as follows:
- 2 1. By striking page 25, line 1 through page 26,
- 3 line 16.
- 4 2. Title page, by striking lines 12 and 13 and
- 5 inserting the following: "closure, and requesting an
- 6 interim study".

S-4133 Filed April 29, 1985 By READINGER

*Adopted 4/29 (p. 1765) then to resume (p. 1770)*  
*Reconsidered - Done 4/30 (p. 1780)*

S-4137

SENATE FILE 577

- 1 Amend Senate File 577 as follows:
- 2 1. Page 10, line 1, by striking the words
- 3 "financial conditions" and inserting the words "rate
- 4 variations".
- 5 2. Page 11, by striking lines 8 through 13, and
- 6 inserting the following: "the fiscal year, shall
- 7 revert to the special fund."

S-4137 Filed April 29, 1985 By WALDSTEIN

*Done 4/30/85 (p. 1778)*



1 Section 1. NEW SECTION. 175A.1 LEGISLATIVE FINDINGS --  
2 PURPOSE.

3 The general assembly finds and declares as follows:

4 1. The establishment of the authority is in all respects  
5 for the benefit of the people of the state of Iowa, for the  
6 improvement of their health and welfare and for the promotion  
7 of the economy, which are public purposes.

8 2. The authority will be performing an essential  
9 governmental function in the exercise of the powers and duties  
10 conferred upon it by this chapter.

11 3. There exists a serious problem in this state regarding  
12 the ability of farmers and small businesses to obtain adequate  
13 affordable operating loans and to service the debt on existing  
14 operating, machinery, and land loans.

15 4. Farming and the operation of small regionally owned  
16 businesses are principal pursuits of the inhabitants of this  
17 state. Many other industries and pursuits are wholly  
18 dependent upon farming and small business.

19 5. The inability of farmers and small businesses to obtain  
20 adequate affordable operating loans and to service the debt on  
21 existing operating, machinery, and land loans is conducive to  
22 economic decline and poverty and impairs the economic value of  
23 vast areas of the state, which are characterized by  
24 depreciated property values, impaired investments, and reduced  
25 capacity to pay taxes.

26 6. These conditions result in a loss of population and  
27 further economic deterioration, accompanied by added costs to  
28 communities for creation of new public facilities and  
29 services.

30 7. A major cause of the unavailability of adequate  
31 affordable operating loans and the inability to service the  
32 debt on existing operating, machinery, and land loans is the  
33 unstable economic condition of the state, due in part to  
34 unanticipated high interest rates.

35 8. A stable economic condition is necessary to encourage

1 and facilitate the availability of adequate affordable  
2 operating loans and to enable farmers and small businesses to  
3 service the debt on existing operating, machinery, and land  
4 loans, and it is necessary to create a state economic  
5 protective and investment authority to administer programs to  
6 stabilize the economic condition.

7 9. The public purpose of this chapter is to maximize the  
8 economic potential of the state and to thereby stabilize the  
9 economic condition of the state.

10 Sec. 2. NEW SECTION. 175A.2 DEFINITIONS.

11 As used in this chapter, unless the context otherwise  
12 requires:

13 1. "Authority" means the Iowa economic protective and  
14 investment authority established in section 175A.3.

15 2. "Farmer" means a person engaged in farming.

16 3. "Farming" means as defined in section 172C.1.

17 4. "Lending institution" means a bank, trust company,  
18 mortgage company, national banking association, savings and  
19 loan association, savings bank, or another state financial  
20 institution or entity authorized to make farm or small  
21 business operating loans or loans to farmers or small  
22 businesses to acquire real or personal property.

23 5. "Operating loan" means a loan made by a lending  
24 institution to a borrower in an amount sufficient to enable  
25 the borrower to pay the reasonably necessary expenses and cash  
26 flow requirements of farming or of operating a small business.

27 6. "Cash flow requirements" includes but is not limited to  
28 the availability of money adequate to provide for obligations  
29 which become due during the term of the operating loan for  
30 operating expenses, family living expenses, principal and  
31 interest installments on loans for real or personal property,  
32 and rent.

33 7. "Small business" means as defined in section 220.1,  
34 except as further defined by the authority by rule.

35 Sec. 3. NEW SECTION. 175A.3 ESTABLISHMENT OF AUTHORITY.

1 1. The Iowa economic protective and investment authority  
2 is established and constituted a public instrumentality and  
3 agency of the state exercising public and essential  
4 governmental functions. The authority is established to  
5 undertake programs which provide assistance for farming and  
6 for small businesses, and other programs the authority deems  
7 necessary to carry out the purpose identified in section  
8 175A.1. The powers of the authority are vested in and  
9 exercised by a board of five members appointed by a committee  
10 composed of the majority and minority floor leaders of the  
11 senate, the speaker of the house of representatives, and the  
12 minority floor leader of the house of representatives. No  
13 more than three members appointed pursuant to this subsection  
14 shall belong to the same political party. As far as possible  
15 the board shall include within the membership persons who  
16 represent lending institutions experienced in agricultural or  
17 small business lending, agricultural suppliers, farmers,  
18 operators of small businesses, average citizens, and other  
19 persons specially interested in the availability of funds for  
20 farm operating loans.

21 2. The members of the authority appointed pursuant to  
22 subsection 1 shall serve terms of three years, except that, of  
23 first appointments, one member shall be appointed for a term  
24 of one year and two members shall be appointed for terms of  
25 two years. A person appointed to fill a vacancy shall serve  
26 only for the unexpired portion of the term. A member is  
27 eligible for reappointment. A member of the authority  
28 appointed pursuant to subsection 1 may be removed from office  
29 by the committee for misfeasance, malfeasance, willful neglect  
30 of duty, or other just cause after notice and hearing, unless  
31 the notice and hearing is expressly waived in writing. A  
32 member of the authority appointed pursuant to subsection 1 may  
33 also serve as a member of the Iowa family farm development  
34 authority.

35 3. Three members of the authority constitute a quorum and

1 the affirmative vote of a majority of the members of the  
2 authority is necessary for substantive action to be taken by  
3 the authority. The majority shall not include a member who  
4 has a conflict of interest and a statement by a member of a  
5 conflict of interest is conclusive for this purpose. A  
6 vacancy in the membership does not impair the right of a  
7 quorum to exercise all rights and perform all duties of the  
8 authority.

9 4. The members of the authority appointed pursuant to  
10 subsection 1 are entitled to receive forty dollars per diem  
11 for each day spent in performance of duties as members, and  
12 shall be reimbursed for all actual and necessary expenses  
13 incurred in the performance of duties as members.

14 5. The members of the authority appointed pursuant to  
15 subsection 1 and the executive director shall give bond as  
16 required for public officers in chapter 64.

17 6. Meetings of the authority shall be held at the call of  
18 the chairperson or when two members so request.

19 7. The members appointed pursuant to subsection 1 shall  
20 elect a chairperson and vice chairperson annually, and other  
21 officers as they determine, but the executive director,  
22 appointed pursuant to section 175A.5, is a nonvoting ex  
23 officio member of the board and shall serve as secretary to  
24 the authority.

25 8. The net earnings of the authority, beyond those  
26 necessary for retirement of its notes, bonds or other  
27 obligations, or to implement the authorized public purposes  
28 and programs, shall not inure to the benefit of any person  
29 other than the state. Upon termination of the existence of  
30 the authority, title to all property owned by the authority,  
31 including any such net earnings of the authority, shall vest  
32 in the state.

33 Sec. 4. NEW SECTION. 175A.4 ADVISORY PANEL.

34 The state comptroller or the comptroller's designee, the  
35 treasurer of state or the treasurer's designee, the secretary

1 of agriculture or the secretary's designee, the director of  
2 the development commission or the director's designee, the  
3 executive director of the family farm development authority or  
4 the director's designee, and the superintendent of banking or  
5 the superintendent's designee are constituted as an advisory  
6 panel to the authority. The panel shall provide advice and  
7 assistance to the authority in the performance of the  
8 authority's functions, but shall not vote in board decisions.

9 Sec. 5. NEW SECTION. 175A.5 EXECUTIVE DIRECTOR -- STAFF.

10 1. The governor, subject to confirmation by the senate,  
11 shall appoint an executive director of the authority, who  
12 shall serve a four-year term at the pleasure of the governor.  
13 The term shall begin and end as provided in section 69.19.  
14 The executive director shall be selected primarily for  
15 administrative ability and knowledge in the field, without  
16 regard to political affiliation. The executive director shall  
17 not, directly or indirectly, exert influence to induce other  
18 officers or employees of the state to adopt a political view,  
19 or to favor a political candidate for office.

20 2. The executive director is a nonvoting ex officio member  
21 of the board, and shall advise the authority on matters  
22 relating to finance, carry out all directives from the  
23 authority, and hire and supervise the authority's staff  
24 pursuant to its directions and under chapter 19A, except that  
25 principal administrative assistants with responsibilities in  
26 operating loan programs, accounting, and processing of  
27 applications for interest reduction are exempt from that  
28 chapter.

29 3. The executive director, as secretary of the authority,  
30 shall be custodian of all books, documents and papers filed  
31 with the authority and of its minute book and seal. The  
32 executive director may cause copies to be made of all minutes  
33 and other records and documents of the authority and give  
34 certificates under the seal of the authority to the effect  
35 that the copies are true copies and all persons dealing with

1 the authority may rely upon the certificates.

2 Sec. 6. NEW SECTION. 175A.6 GENERAL POWERS.

3 The authority has all of the general powers needed to carry  
4 out its purposes and duties, and to exercise its specific  
5 powers, including but not limited to the power to:

6 1. Sue and be sued in its own name.

7 2. Have and alter a corporate seal.

8 3. Make and alter bylaws for its management consistent  
9 with this chapter.

10 4. Make and execute agreements, contracts and other  
11 instruments, with any public or private entity, including but  
12 not limited to, any federal governmental agency or  
13 instrumentality. The authority may make and execute contracts  
14 with a firm of independent certified public accountants to  
15 prepare an annual report on behalf of the authority. All  
16 political subdivisions, other public agencies and state  
17 agencies may enter into contracts and otherwise cooperate with  
18 the authority.

19 5. Procure insurance against any loss in connection with  
20 its operations.

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

26 7. Provide to public and private entities technical  
27 assistance and counseling related to the authority's purposes.

28 8. In cooperation with other local, state or federal  
29 governmental agencies or instrumentalities, conduct studies of  
30 farm and small business operational expense needs, and gather  
31 and compile data useful to facilitate decision making.

32 9. Facilitate and encourage the maximized use of available  
33 federal farm and small business aid.

34 10. Contract with attorneys, accountants, finance experts,  
35 and other advisors or enter into contracts or agreements for

1 these services with local, state or federal governmental  
2 agencies.

3 11. Issue its negotiable bonds, notes, debentures, capital  
4 stock, or other obligations as provided in sections 175A.9 to  
5 175A.13 in order to directly or indirectly finance its  
6 programs.

7 12. Fix and collect fees and charges for its services.

8 13. Subject to agreements with holders of its obligations,  
9 invest or deposit moneys of the authority in a manner  
10 determined by the authority by rule, notwithstanding chapter  
11 452 or 453.

12 14. Organize, administer, and participate in real or  
13 personal property investment trusts with farmers and small  
14 businesses for the purpose of reducing the debt service  
15 requirements of farm and small business machinery and land  
16 loans, subject to rules provided by the authority.

17 15. Make, alter and repeal rules consistent with this  
18 chapter and subject to chapter 17A.

19 Sec. 7. NEW SECTION. 175A.7 ANNUAL REPORT.

20 1. The authority shall submit to the governor and to the  
21 members of the general assembly who request it, not later than  
22 January 15 of each year, a complete and economically designed  
23 and reproduced report setting forth:

24 a. Its operations and accomplishments.

25 b. Its receipts and expenditures during the fiscal year,  
26 in accordance with the classifications it establishes for its  
27 operating and capital accounts.

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

30 d. A statement of its proposed and projected activities.

31 e. Recommendations to the general assembly, as it deems  
32 necessary.

33 f. An analysis of operating loan needs for farms and small  
34 businesses in the state.

35 g. A schedule of its obligations outstanding at the end of

1 its fiscal year, together with a statement of the amounts  
2 redeemed and issued during its fiscal year.

3 2. The annual report shall identify performance goals of  
4 the authority, and clearly indicate the extent of progress  
5 during the reporting period, in attaining the goals. Where  
6 possible, results shall be expressed in terms of number of  
7 farm units and small business units assisted. The report  
8 shall state the median, mean, range, and total of the dollar  
9 amount of the individual grants, the debt-to-asset ratio of  
10 borrowers assisted, and the resulting interest rates on farm  
11 and small business operating loans. The report shall also  
12 state the median, mean, and range of the size of farm units  
13 assisted, expressed in acres, and the median, mean, and range  
14 of the size of small businesses assisted, expressed in the  
15 amount of annual gross income.

16 Sec. 8. NEW SECTION. 175A.8 OPERATING ASSISTANCE  
17 PROGRAM.

18 1. The authority shall establish and develop an operating  
19 assistance program to facilitate the availability of  
20 affordable operating capital to as many farmers and small  
21 businesses as possible by providing grants to lending  
22 institutions as provided in this section.

23 2. Lending institutions shall make available to borrowers  
24 a lender-borrower eligibility application form prepared by the  
25 authority for the operating assistance program. Application  
26 to the authority for assistance under this section shall be  
27 executed jointly by the lending institution and the borrower  
28 upon an approved form.

29 3. The authority shall provide in the operating assistance  
30 program that the grant will be provided in conjunction with a  
31 borrower's operating loan only if the following criteria are  
32 satisfied as evidenced on a lender-borrower eligibility  
33 application:

34 a. The borrower is a resident of the state.

35 b. The farming operation or small business for which the

1 borrower seeks the operating assistance is located in the  
2 state.

3 c. The operating loan, if a new loan, will be used, and if  
4 an existing loan, was used by the borrower for the reasonably  
5 necessary expenses and cash flow requirements of farming or of  
6 the operation of a small business.

7 d. The borrower has made full disclosure of the borrower's  
8 finances to the lending institution.

9 e. Requirements prescribed by the authority by rule, which  
10 may include but are not limited to participation in federal  
11 crop insurance programs, where available, a consideration of  
12 the borrower's agreement to maintain farm management  
13 techniques and standards established by the authority,  
14 participation in federal farm programs, where applicable, and  
15 the maximized use of available loan guarantees including small  
16 business administration programs, where applicable.

17 4. The authority shall provide in the operating assistance  
18 program that the authority may, upon approval by the board of  
19 an application, enter into an agreement with the lending  
20 institution in which the lending institution shall agree to  
21 reduce for one year the interest rate on the borrower's  
22 operating loan, whether the loan is a new loan or is an  
23 existing and unpaid loan, to a rate at least five percent  
24 below the base rate, which is the maximum lawful rate of  
25 interest as determined by the superintendent of banking  
26 pursuant to section 535.2 for the calendar month in which the  
27 application was approved by the authority. However, the  
28 authority may lower the base rate if necessary to accommodate  
29 regional financial conditions. The authority shall agree to  
30 give to each lending institution which has agreed with the  
31 authority to the interest reduction a grant in the amount, as  
32 determined by the authority, necessary to reimburse the  
33 lending institution for the reduction of the interest rate on  
34 the borrower's operating loan by two percent for the term of  
35 the loan or for one year, whichever is less. The grant shall

1 be paid to the lending institution within sixty days after the  
2 date the application is approved.

3 5. The authority shall require each lending institution to  
4 which the authority has approved an application for a grant on  
5 an operating loan to submit to the authority evidence  
6 satisfactory to the authority of a reduction in the interest  
7 rate as required by an agreement pursuant to subsection 4, and  
8 in that connection, the board members, employees or agents of  
9 the authority may inspect the books and records of a lending  
10 institution.

11 6. Compliance by a lending institution with the terms of  
12 an agreement with the authority pursuant to subsection 4 may  
13 be enforced by decree of a district court of this state. The  
14 authority may require, as a condition of a payment to a  
15 national banking association or a federally chartered savings  
16 and loan association or savings bank on an operating loan, the  
17 consent of the association to the jurisdiction of courts of  
18 this state over an enforcement proceeding. The authority may  
19 also require, as a condition for approval of an application  
20 for a grant to a lending institution on an operating loan,  
21 that the lending institution agree to the payment of penalties  
22 to the authority for violation by the lending institution of  
23 its agreement with the authority pursuant to subsection 4, and  
24 the penalties are recoverable at the suit of the authority.

25 7. If a lending institution refuses a borrower's request  
26 to apply for an operating assistance grant under this section,  
27 the borrower may provide the authority with a written  
28 statement regarding the lending institution's refusal. A  
29 borrower who has provided the authority with a written  
30 statement may be provided with an opportunity for a hearing on  
31 the refusal before the board or persons designated by the  
32 authority. The procedure established in this subsection is  
33 not a contested case under chapter 17A.

34 8. Funds allocated by the authority for the operating  
35 assistance program which have not been committed for grants

1 for interest rate reduction on operating loans by the end of  
2 the fiscal year, may be used for other economic assistance  
3 programs, as provided by the authority by rule, for farming or  
4 small businesses. However, applications for grants for  
5 interest rate reduction on operating loans made after the  
6 close of the fiscal year are given first priority in the use  
7 of the uncommitted funds.

8 Sec. 9. NEW SECTION. 175A.9 OBLIGATIONS OF THE  
9 AUTHORITY.

10 1. The authority may issue its negotiable obligations in  
11 principal amounts as, in the opinion of the authority, are  
12 necessary to provide sufficient funds for achievement of its  
13 corporate purposes, the payment of interest on its  
14 obligations, the establishment of reserves to secure its  
15 obligations, and all other expenditures of the authority  
16 incident to and necessary or convenient to carry out its  
17 purposes and powers. The obligations shall be deemed to be  
18 investment securities and negotiable instruments within the  
19 meaning of and for all purposes of chapter 554, the uniform  
20 commercial code.

21 2. Obligations issued by the authority are payable solely  
22 and only out of the moneys, assets, or revenues of the  
23 authority, and as provided in agreements with holders of its  
24 obligations pledging any particular moneys, assets or  
25 revenues. Taxes or appropriations shall not be pledged for  
26 the payment of the obligations. Obligations are not an  
27 obligation of this state or any political subdivision of this  
28 state other than the authority within the meaning of any  
29 constitutional or statutory debt limitations, but are special  
30 obligations of the authority payable solely and only from the  
31 sources provided in this chapter, and the authority shall not  
32 pledge the general credit or taxing power of this state or any  
33 political subdivision of this state other than the authority,  
34 or make its debts payable out of any moneys except those of  
35 the authority.

1 3. Obligations must be authorized by a resolution of the  
2 authority. However, a resolution authorizing the issuance of  
3 obligations may delegate to an officer of the authority the  
4 power to negotiate and fix the details of an issue of bonds or  
5 notes by an appropriate certificate of the authorized officer.

6 4. Obligations shall:

7 a. State the date and series of the issue, be  
8 consecutively numbered, and state on their face that they are  
9 payable both as to principal and interest solely out of the  
10 assets of the authority and do not constitute an indebtedness  
11 of this state or any political subdivision of this state other  
12 than the authority within the meaning of any constitutional or  
13 statutory debt limit.

14 b. Be registered, issued in denominations as the authority  
15 prescribes, fully negotiable instruments under the laws of  
16 this state, signed on behalf of the authority with the manual  
17 or facsimile signature of the chairperson or vice chairperson,  
18 attested by the manual or facsimile signature of the  
19 secretary, have impressed or imprinted on the obligations the  
20 seal of the authority or a facsimile of it, be payable as to  
21 interest at rates and at times as the authority determines, be  
22 payable as to principal at times over a period not to exceed  
23 thirty years from the date of issuance, at places, and with  
24 reserved rights of prior redemption, as the authority  
25 prescribes, be sold at prices, at public or private sale, and  
26 in a manner as the authority prescribes, and the authority may  
27 pay all expenses, premiums and commissions which it deems  
28 necessary or advantageous in connection with the issuance and  
29 sale, and be issued under and subject to the terms, conditions  
30 and covenants providing for the payment of the principal,  
31 redemption premiums, if any, interest and other terms,  
32 conditions, covenants and protective provisions safeguarding  
33 payment, not inconsistent with this chapter, as are found to  
34 be necessary by the authority for the most advantageous sale,  
35 which may include, but are not limited to, covenants with the

1 holders of the obligations as to:

2 (1) Pledging or creating a lien, to the extent provided by  
3 the resolution, on moneys or property of the authority or  
4 moneys held in trust or otherwise by others to secure the  
5 payment of the obligations.

6 (2) Providing for the custody, collection, securing,  
7 investment and payment of any moneys of or due to the  
8 authority.

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

11 (4) Limitations on the purpose to which the proceeds of  
12 sale of an issue of obligations then or thereafter to be  
13 issued may be applied.

14 (5) Limitations on the issuance of additional obligations  
15 and on the refunding of outstanding or other obligations.

16 (6) The procedure by which the terms of a contract with  
17 the holders of obligations may be amended or abrogated, the  
18 amount of obligations the holders of which must consent to the  
19 contract, and the manner in which consent may be given.

20 (7) The creation of special funds into which moneys of the  
21 authority may be deposited.

22 (8) Vesting in a trustee properties, rights, powers and  
23 duties in trust as the authority determines, which may include  
24 the rights, powers and duties of the trustee appointed for the  
25 holders of any issue of obligations pursuant to section  
26 175A.10, in which event the provisions of that section  
27 authorizing appointment of a trustee by the holders of  
28 obligations shall not apply, or limiting or abrogating the  
29 right of the holders of obligations to appoint a trustee under  
30 that section, or limiting the rights, duties and powers of the  
31 trustee.

32 (9) Defining the acts or omissions which constitute a  
33 default in the obligations and duties of the authority and  
34 providing for the rights and remedies of the holders of  
35 obligations in the event of a default. However, rights and

1 remedies shall be consistent with the laws of this state.

2 (10) Any other matters which affect the security and  
3 protection of the obligations and the rights of the holders or  
4 which the authority deems necessary and advisable in  
5 furtherance of its purposes.

6 c. Include other information and be subject to other terms  
7 and conditions as the authority deems necessary and provides  
8 by rule.

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

30 6. The authority may issue negotiable obligation  
31 anticipation notes and may renew them from time to time but  
32 the maximum maturity of the notes, including renewals, shall  
33 not exceed ten years from the date of issue of the original  
34 notes. Notes are payable from any available moneys of the  
35 authority not otherwise pledged, or from the proceeds of the

1 sale of obligations of the authority in anticipation of which  
2 the notes were issued. Notes may be issued for any corporate  
3 purpose of the authority. Notes shall be issued in the same  
4 manner as other obligations, and the resolution authorizing  
5 them may contain any provisions, conditions or limitations,  
6 not inconsistent with the provisions of this subsection, which  
7 the obligation or a resolution of the authority may contain.  
8 Notes may be sold at public or private sale. In case of  
9 default on its notes or violation of any obligations of the  
10 authority to the noteholders, the noteholders shall have all  
11 the remedies provided in this chapter for holders of its  
12 obligations. Notes shall be as fully negotiable as other  
13 obligations of the authority.

14 7. A copy of each pledge agreement by or to the authority,  
15 including without limitation each obligation resolution,  
16 indenture of trust or similar agreement, or any revisions or  
17 supplements to it shall be filed with the secretary of state  
18 and no further filing or other action under sections 554.9101  
19 to 554.9507, article 9 of the uniform commercial code, or any  
20 other law of the state shall be required to perfect the  
21 security interest in the collateral or any additions to it or  
22 substitutions for it, and the lien and trust so created shall  
23 be binding from and after the time made against all parties  
24 having claims of any kind in tort, contract, or otherwise  
25 against the pledgor.

26 8. Neither the members of the authority nor any person  
27 executing its obligations are liable personally on the  
28 obligations or are subject to any personal liability or  
29 accountability by reason of the issuance of the authority's  
30 obligations.

31 9. The authority may create and establish one or more  
32 special funds, to be known as "reserve funds", and shall pay  
33 into each reserve fund any proceeds of sale of obligations to  
34 the extent provided in the resolutions of the authority  
35 authorizing their issuance, and any other moneys which may be

1 available to the authority for the purpose of the fund from  
2 any other sources. All moneys held in a reserve fund, except  
3 as otherwise provided in this chapter, shall be used as  
4 required solely for the payment of the principal of  
5 obligations secured in whole or in part by the fund or of the  
6 sinking fund payments with respect to the obligations, the  
7 purchase or redemption of the obligations, the payment of  
8 interest on the obligations or the payments of any redemption  
9 premium required to be paid when the obligations are redeemed  
10 prior to maturity.

11 Sec. 10. NEW SECTION. 175A.10 REMEDIES OF HOLDERS OF OB-  
12 LIGATIONS.

13 1. If the authority defaults in the payment of principal  
14 or interest on an issue of obligations after they become due,  
15 whether at maturity or upon call for redemption, and the  
16 default continues for a period of thirty days, or if the  
17 authority fails or refuses to comply with this chapter, or  
18 defaults in an agreement made with the holders of an issue of  
19 obligations, the holders of twenty-five percent in aggregate  
20 principal amount of obligations of the issue then outstanding  
21 may appoint a trustee to represent the holders of the  
22 obligations for the purposes provided in this section by  
23 filing an instrument in the office of the clerk of the county  
24 in which the principal office of the authority is located.  
25 The instrument shall be proved or acknowledged in the same  
26 manner as a deed to be recorded.

27 2. The authority or any trustee appointed under the  
28 indenture under which the obligations are issued may, and upon  
29 written request of the holders of twenty-five percent in  
30 aggregate principal amount of the issue of obligations then  
31 outstanding shall:

32 a. Enforce all rights of the holders of the obligations,  
33 including the right to require the authority to carry out its  
34 agreements with the holders and to perform its duties under  
35 this chapter.

1 b. Bring suit upon the obligations.

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

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

6 e. Declare all the obligations due and payable and if all  
7 defaults are made good then with the consent of the holders of  
8 twenty-five percent of the aggregate principal amount of the  
9 issue of obligations then outstanding, annul the declaration  
10 and its consequences.

11 The holders of obligations, to the extent provided in the  
12 resolution by which the obligations were issued or in their  
13 agreement with the authority, may enforce any of the remedies  
14 in paragraphs "a" to "e" or the remedies provided in those  
15 agreements for and on their own behalf.

16 3. The trustee shall also have all powers necessary or  
17 appropriate for the exercise of functions specifically set  
18 forth or incident to the general representation of the holders  
19 of obligations in the enforcement and protection of their  
20 rights.

21 4. Before declaring the principal of obligations due and  
22 payable, the trustee shall first give thirty days' notice in  
23 writing to the governor, to the authority and to the attorney  
24 general of the state.

25 5. The district court has jurisdiction of any action by  
26 the trustee on behalf of the holders of obligations. The  
27 venue of the action shall be in the county in which the  
28 principal office of the authority is located.

29 Sec. 11. NEW SECTION. 175A.11 OBLIGATIONS AS LEGAL  
30 INVESTMENTS.

31 Obligations of the authority are securities in which public  
32 officers, state departments and agencies, political  
33 subdivisions, insurance companies, and other persons carrying  
34 on an insurance business, banks, trust companies, savings and  
35 loan associations, savings banks, investment companies and

1 other persons carrying on a banking business, administrators,  
2 executors, guardians, conservators, trustees and other  
3 fiduciaries, and other persons authorized to invest in bonds  
4 or other obligations of this state, may properly and legally  
5 invest funds including capital in their control or belonging  
6 to them. The obligations are also securities which may be  
7 deposited with and may be received by public officers, state  
8 departments and agencies, and political subdivisions, for any  
9 purpose for which the deposit of bonds or other obligations of  
10 this state is authorized.

11 Sec. 12. NEW SECTION. 175A.12 NOTICE.

12 The authority may publish a notice of its intention to  
13 issue obligations in a newspaper published in and with general  
14 circulation in the state. The notice shall include a  
15 statement of the maximum amount of obligations proposed to be  
16 issued, and in general, what funds or revenues will be pledged  
17 to pay the obligations and interest on the obligations. An  
18 action which questions the legality of obligations or the  
19 power of the authority to issue the obligations or the  
20 effectiveness of any proceedings adopted for the authorization  
21 or issuance of the obligations shall not be brought after  
22 sixty days from the date of publication of the notice.

23 Sec. 13. NEW SECTION. 175A.13 EXEMPTION FROM TAXATION.

24 Obligations issued under this division are exempt from  
25 taxation by the state of Iowa and the interest thereon is  
26 exempt from state income tax.

27 Sec. 14. NEW SECTION. 175A.14 MONEYS OF THE AUTHORITY.

28 1. Moneys of the authority shall be paid to the authority  
29 and shall be deposited in a bank or other financial  
30 institution designated by the authority. The moneys shall be  
31 withdrawn on the order of the person authorized by the  
32 authority. Deposits shall be secured in the manner determined  
33 by the authority. The auditor of state or the auditor's  
34 legally authorized representatives may periodically examine  
35 the accounts and books of the authority, including its

1 receipts, disbursements, contracts, leases, investments and  
2 other records and papers relating to its financial standing,  
3 and the authority shall not be required to pay a fee for the  
4 examination.

5 2. The authority shall submit to the governor, the auditor  
6 of state and the state comptroller, within thirty days of its  
7 receipt, a copy of the report of every external examination of  
8 the books and accounts of the authority other than copies of  
9 the reports of examinations made by the auditor of state.

10 Sec. 15. NEW SECTION. 175A.15 LIMITATION OF LIABILITY.

11 1. Members of the authority and persons acting in its  
12 behalf, while acting within the scope of their employment or  
13 agency, are not subject to personal liability resulting from  
14 carrying out the powers and duties given in this chapter.

15 2. The obligations of the authority are not obligations of  
16 this state or any political subdivision of this state other  
17 than the authority within the meaning of any constitutional or  
18 statutory debt limitations, but are obligations of the  
19 authority payable solely and only from the authority's funds,  
20 and the authority shall not pledge the credit or taxing power  
21 of this state or any political subdivision of this state other  
22 than the authority or make its debts payable out of any moneys  
23 except for those of the authority.

24 Sec. 16. NEW SECTION. 175A.16 ASSISTANCE BY STATE  
25 OFFICERS, AGENCIES AND DEPARTMENTS.

26 State officers and state departments and agencies may  
27 render services to the authority within their respective  
28 functions as requested by the authority.

29 Sec. 17. NEW SECTION. 175A.17 CONFLICTS OF INTEREST.

30 1. If a member or employee other than the executive  
31 director of the authority has an interest, either direct or  
32 indirect, in a contract to which the authority is or is to be  
33 a party or in a lending institution which is seeking a payment  
34 for a reduction in the interest rate on a borrower's farm  
35 operating loan, the interest shall be disclosed to the

1 authority in writing and shall be set forth in the minutes of  
2 the authority. The member or employee having the interest  
3 shall not participate in action by the authority with respect  
4 to that contract or lending institution.

5 2. This section does not limit the right of a member,  
6 officer or employee of the authority other than the executive  
7 director to have an interest in a bank or other financial  
8 institution in which the funds of the authority are deposited.

9 3. The executive director shall not have an interest in a  
10 bank or other financial institution in which the funds of the  
11 authority are deposited. The executive director shall not  
12 receive, in addition to fixed salary or compensation, money or  
13 anything valuable, either directly or indirectly, or through a  
14 substantial interest in another corporation or business unit,  
15 for negotiating, procuring, recommending or aiding in a  
16 payment made by the authority under section 175A.8, subsection  
17 4, nor shall the executive director be pecuniarily interested,  
18 either as principal, coprincipal, agent or beneficiary, either  
19 directly or indirectly or through any substantial interest in  
20 another corporation or business unit, in a payment made by the  
21 authority under section 175A.8, subsection 4.

22 Sec. 18. NEW SECTION. 175A.18 EXEMPTION FROM COMPETITIVE  
23 BID LAWS.

24 The authority and contracts made by it in carrying out its  
25 public and essential governmental functions are exempt from  
26 the laws of the state which provide for competitive bids in  
27 connection with the contracts.

28 Sec. 19. NEW SECTION. 175A.19 LENDING INSTITUTION  
29 OBLIGATIONS.

30 1. The authority shall collect from each lending  
31 institution participating in the operating assistance program  
32 and each participating lending institution shall pay an amount  
33 equal to eight percent of the equity capital of each  
34 participating stock-owned lending institution and five percent  
35 of the surplus of each participating mutually owned lending

1 institution.

2     2. The amount collected by the authority shall become  
3 moneys of the authority and shall be deposited in a special  
4 trust fund held in the name of and for the benefit of the  
5 authority by a state bank or national banking association with  
6 trust powers. The amount collected by the authority shall be  
7 invested while on deposit in the special trust fund and shall  
8 remain invested and on deposit in the special trust fund until  
9 the final maturity of the authority's obligations issued to  
10 fund the particular operating assistance program in which the  
11 lending institutions are participating. At the time of the  
12 final maturity the amount on deposit, including a pro rata  
13 share of any investment earnings not already used in ac-  
14 cordance with subsection 3, shall be returned to the lending  
15 institution making the initial deposit.

16     3. All investment earnings from the amount on deposit in  
17 the special trust fund shall be deposited when earned into a  
18 separate account of the special trust fund and pledged to the  
19 payment of principal of and interest on the authority's  
20 obligations issued to fund the operating assistance program in  
21 which the lending institutions are participating pursuant to  
22 the resolution under which the obligations were issued. All  
23 investment earnings not used to pay principal of and interest  
24 on the authority's obligations shall be commingled with other  
25 moneys on deposit in the special trust fund and reinvested  
26 with such moneys.

27     4. Neither the authority nor the holders of any of the  
28 authority's obligations shall have any claim or right to the  
29 amount on deposit in the special trust fund other than to the  
30 investment earnings held in the separate account of the  
31 special trust fund. The authority shall not use the amount on  
32 deposit in the special trust fund, other than the earnings in  
33 the separate account, to pay principal of and interest on its  
34 obligations.

35     Sec. 20. NEW SECTION. 175A.19A LENDING INSTITUTIONS

1 INCENTIVES.

2 The superintendent of banking shall certify that a state  
3 bank or national banking association which participates in the  
4 operating assistance program is meeting its obligations to  
5 meet the credit needs of its community as provided in the  
6 federal Community Reinvestment Act of 1977, 12 U.S.C. § 2901-  
7 2905.

8 A lending institution participating in the operating  
9 assistance program may value on its books the amount collected  
10 from it by the authority and held by the authority at the full  
11 face amount thereof.

12 Sec. 21. NEW SECTION. 175A.20 LENDING INSTITUTION WRITE-  
13 OFF OF BOUGHT-DOWN INTEREST.

14 A lending institution participating in the operating  
15 assistance program under this chapter may write off the  
16 interest bought down under the program over a period not to  
17 exceed seven years, rather than writing off the entire amount  
18 during the year in which the interest is bought down.

19 Sec. 22. NEW SECTION. 175A.21 REAL PROPERTY VALUATION.

20 Real property which is valued by a lending institution for  
21 the purpose of determining the debt-to-asset ratio of a  
22 borrower in conjunction with the borrower's application for an  
23 operating loan or a loan for the acquisition of real or  
24 personal property shall be valued by determining the per acre  
25 average of the valuations for the current year and the four  
26 previous years for the same type of real property in the  
27 county in which the real property is located as published by  
28 Iowa state university of science and technology. If a per  
29 acre appraisal conducted by an independent real estate  
30 appraiser is available for the current year or for any of the  
31 four previous years for the real property, the appraised  
32 values shall be used in place of the county average per acre  
33 valuation to compute the five-year average. The value  
34 determined pursuant to this section shall be recomputed using  
35 the method provided in this section each year a loan subject

1 to this chapter remains in existence and unpaid.

2 Sec. 23. NEW SECTION. 175A.22 LIBERAL INTERPRETATION.

3 This chapter, being necessary for the welfare of this state  
4 and its inhabitants, shall be liberally construed to effect  
5 its purposes.

6 Sec. 24. Section 524.910, subsection 2, Code 1985, is  
7 amended to read as follows:

8 2. Real property purchased by a state bank at sales upon  
9 foreclosure of mortgages or deeds of trust owned by it, or  
10 acquired upon judgments or decrees obtained or rendered for  
11 debts due it, or ~~such~~ real property ~~as shall be~~ conveyed to it  
12 in satisfaction of debts previously contracted in the course  
13 of its business, or ~~such~~ real property ~~as it may obtain by~~  
14 obtained by it through redemption as a junior mortgagee or  
15 judgment creditor, shall be sold or otherwise disposed of by  
16 the state bank within ~~one-year~~ three years after title is  
17 vested in the state bank, unless the time is extended by the  
18 superintendent. Real property held by a state bank pursuant  
19 to this subsection shall be valued on the books of the bank at  
20 a value determined by obtaining the per acre average of the  
21 valuations for the current year and the four previous years  
22 for the same type of real property in the county in which the  
23 real property is located as published by Iowa state university  
24 of science and technology. If a per acre appraisal conducted  
25 by an independent real estate appraiser is available for the  
26 current year or for any of the four previous years for the  
27 agricultural land, the appraised values shall be used in place  
28 of the county average per acre valuation to compute the five-  
29 year average. Before the state bank sells or otherwise  
30 disposes of real property held pursuant to this subsection,  
31 the state bank shall first offer the prior owner the oppor-  
32 tunity to repurchase the real property on the terms the state  
33 bank proposes to sell or dispose of the real property.

34 Sec. 25. Section 534.213, subsection 1, Code 1985, is  
35 amended by adding the following new lettered paragraphs:

1 NEW LETTERED PARAGRAPH. l. In addition to other  
2 investments authorized in this section, an association may  
3 invest and may continue previous investments in capital stock,  
4 obligations, or other securities of finance subsidiaries and  
5 may exercise powers with respect to finance subsidiaries to  
6 the same extent as a federal association is permitted under  
7 the Home Owners' Loan Act of 1933, 12 U.S.C. § 1464, and  
8 regulations adopted thereunder by the federal home loan bank  
9 board up to and including January 1, 1985. Investments  
10 authorized by this subsection shall not be counted in applying  
11 the limitations on investments in service corporations in  
12 paragraph "j".

13 NEW LETTERED PARAGRAPH. m. In addition to other  
14 investments authorized in this section, an association may  
15 invest and may continue previous investments in capital stock,  
16 obligations, or other securities of corporations which are  
17 wholly owned by the association and which exercise only those  
18 powers which may be exercised by an association under this  
19 chapter. Investments authorized by this subsection shall not  
20 be counted in applying the limitations on investments in  
21 service corporations in paragraph "j".

22 Sec. 26. Section 534.213, subsection 3, Code 1985, is  
23 amended to read as follows:

24 3. Investment in EFT organizations. Subject to the prior  
25 approval of the supervisor, in shares in a corporation engaged  
26 solely in providing and operating facilities through which an  
27 association and its members may engage, by means of either the  
28 direct transmission of electronic impulses to and from the  
29 association or the recording of electronic impulses or other  
30 indicia of a transaction for delayed transmission to the  
31 association, in transactions in which such the association is  
32 otherwise permitted to engage pursuant to applicable law.

33 Sec. 27. Section 524.1805, Code 1985, is amended to read  
34 as follows:

35 524.1805 OUT-OF-STATE HOLDING COMPANIES.

1 Nothing in this division shall be construed to authorize a  
2 bank holding company which is with respect to the state of  
3 Iowa an "out-of-state bank holding company", as defined or  
4 referred to in 12 U.S.C. 1842(d), as amended to January 1,  
5 1971, to acquire any of the voting shares of, any interest in,  
6 all or substantially all of the assets of, or power to control  
7 in any manner the election of any of the directors of any bank  
8 in this state, unless such bank holding company was on January  
9 1, 1971 registered with the federal reserve board as a bank  
10 holding company, and on that date owned at least two banks in  
11 this state or unless the bank holding company had entered into  
12 a contract on or before July 1, 1984, to directly or  
13 indirectly acquire voting shares, an interest in all or  
14 substantially all of the assets of, or control of a bank  
15 holding company or a bank located in this state.

16 This section is enacted as an exercise of the police power  
17 of this state and shall be strictly construed. The conditions  
18 and limitations contained in this section are not severable.  
19 This section shall be void upon the occurrence of either of  
20 the following:

21 1. A court or administrative officer or agency of either  
22 this state or the United States determined that any  
23 restriction by way of condition or limitation contained in  
24 this section is invalid or unenforceable or that this section  
25 authorizes acquisitions of interest in Iowa banks by out-of-  
26 state bank holding companies other than those meeting the  
27 expressed requirements and conditions of this section.

28 2. The United States congress enacts a bill which becomes  
29 law and which expressly provides, or is interpreted or  
30 construed by any court or administrative officer or agency to  
31 provide, that any restriction by way of condition or  
32 limitation contained in this section is invalid or  
33 unenforceable or that this section authorizes acquisitions of  
34 interests in Iowa banks by out-of-state bank holding companies  
35 other than those meeting the expressed requirements and

1 conditions of this section.

2 If this section becomes void as provided in this section,  
3 any previously completed acquisition affected under the  
4 authority of this section shall remain valid.

5 Sec. 28. NEW SECTION. 615.4 CHAPTER INAPPLICABLE IN  
6 CERTAIN SITUATION.

7 This chapter shall not be applied to actions which are  
8 subject to an agreement entered into pursuant to section  
9 628.26A.

10 Sec. 29. NEW SECTION. 628.26A AGREEMENT TO EXTEND PERIOD  
11 OF REDEMPTION.

12 Notwithstanding section 628.3, the debtor and the mortgagee  
13 of real property after the filing of the foreclosure petition,  
14 may enter into a written agreement to extend the debtor's  
15 period of redemption up to five years, and may set forth other  
16 terms and conditions of the extended redemption as agreed upon  
17 by the parties, including allowing the debtor to lease the  
18 property. However, the rights of the debtor and other parties  
19 who have a secured interest in the real property shall not be  
20 reduced beyond those set forth in this chapter. The agreement  
21 entered into by the debtor and the mortgagee pursuant to this  
22 section must be approved by the court and shall be filed in  
23 the foreclosure proceedings. An agreement pursuant to this  
24 section does not constitute an equitable mortgage.

25 Sec. 30. NEW SECTION. 628.29 REDEMPTION PERIODS OF  
26 JUNIOR CREDITORS AFTER VOLUNTARY CONVEYANCE.

27 If the owner of mortgaged real estate conveys the real  
28 estate to the mortgagee prior to foreclosure of the mortgage,  
29 the mortgagee shall acquire the real estate subject to liens  
30 of record at the time of conveyance. The lien of the mortgage  
31 shall remain prior to liens which were junior to the mortgage  
32 at the time of the conveyance. After the conveyance, the  
33 mortgagee may foreclose the mortgage. If the mortgagee  
34 forecloses the mortgage after the conveyance, the court shall  
35 enter judgment against the subject property for the entire

1 amount due under the mortgage. If the mortgagee forecloses  
2 the mortgage after the conveyance, junior creditors may redeem  
3 the real estate within sixty days from the date of the  
4 execution sale, except that the junior creditors may redeem  
5 within thirty days from the date of the execution sale if the  
6 conveyance from the owner of the mortgaged real estate to the  
7 mortgagee recites that the owner is released from personal  
8 liability for the debt secured by the mortgage. If the  
9 mortgagee relies upon this section to reduce the period of  
10 redemption by junior creditors, the petition for foreclosure  
11 shall state the reliance and shall refer to this section. If  
12 a mortgagee accepts a conveyance from the owner pursuant to  
13 this section and if the conveyance recites that the owner is  
14 released from personal liability for the debt secured by the  
15 mortgage, then the mortgagee shall not report to credit  
16 bureaus the owner as delinquent with respect to the debt after  
17 the date of the conveyance.

18 Sec. 31. NEW SECTION. 28.101 INTENT.

19 It is the intent of the general assembly that this division  
20 be used to enhance Iowa's agricultural exports, to assist  
21 exporters and producers of agricultural products, and to take  
22 advantage of the Export Trading Company Act of 1982, Pub. L.  
23 No. 97-290.

24 Sec. 32. NEW SECTION. 28.102 AUTHORIZED CORPORATION.

25 There may be incorporated under chapter 496A a corporation  
26 which shall be known as the Iowa export trading company. If  
27 incorporated, this corporation shall be established by the  
28 director of the Iowa development commission. The initial  
29 board of directors shall consist of the director and six  
30 additional members appointed by the director. The six members  
31 appointed by the director shall be knowledgeable in the area  
32 of farming, exporting, or marketing finance. The commission  
33 may expend an amount not to exceed one hundred thousand  
34 dollars necessary to establish and operate the export trading  
35 company until the completion of the public offering of stock.

1 The funds used shall be repaid to the commission upon  
2 completion of its public offering of stock. Financing for the  
3 export trading company shall initially come from its public  
4 offering of stock to residents of this state. In preparation  
5 for this sale, a detailed marketing study shall be conducted  
6 which will serve as the basis for the company work plan and  
7 the company prospectus. After the sale of stock, provision  
8 shall be made for the election of a board of directors by the  
9 stockholders to replace the initial board of directors.  
10 However, the director of the Iowa development commission shall  
11 be an ex officio member of the board representing the state of  
12 Iowa. The director of the Iowa development commission shall  
13 also serve as an agent for the company.

14 The articles of incorporation of the company and the  
15 prospectus on the issuance of stock in the company shall  
16 provide that only residents of the state may be owners of the  
17 stock of the company and shall provide a prohibition against  
18 the takeover of the company.

19 Sec. 33. NEW SECTION. 28.103 PURPOSES AND POWERS.

20 1. The purposes of the Iowa export trade company are to  
21 assist agricultural exporters, expand existing markets, and  
22 develop new markets through, but not limited to, direct  
23 contracts with foreign governments or their agencies,  
24 specialty-type deliveries, and countertrade options.  
25 Specialty-type deliveries include small deliveries of grains  
26 or other agricultural products to countries with inadequate  
27 storage capacities or high quality grain deliveries through  
28 reduced blending.

29 2. The Iowa export trade company has the powers necessary  
30 to fulfill the purposes of this division and those provided in  
31 chapter 496A and the Export Trading Company Act of 1982, Pub.  
32 L. No. 97-290 which are not inconsistent with or limited by  
33 this division.

34 Sec. 34. The legislative council shall appoint an interim  
35 study committee to study the coordination of this Act with

1 federal programs, to observe the implementation of this Act,  
2 and to explore alternatives for the future application of this  
3 Act. The committee shall make a report of its findings and  
4 recommendations, accompanied by legislative bill drafts to  
5 implement its recommendations to the legislative council and  
6 to the Seventy-first General Assembly, 1986 Session.

7 Sec. 35. Notwithstanding section 175A.5, the governor  
8 shall appoint, subject to the confirmation of the senate, an  
9 initial executive director to a term that shall end at  
10 midnight on April 30, 1987. Subsequent executive directors  
11 shall be appointed to four-year terms as provided in section  
12 175A.5 with the initial four-year term commencing on May 1,  
13 1987.

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## SENATE FILE 577

H-4194

- 1 Amend Senate File 577 as amended, passed, and
- 2 reprinted by the Senate as follows:
- 3 1. Page 22, line 17, by striking the word "seven"
- 4 and inserting the word "five".
- 5 2. Page 22, line 19, by striking the words "REAL
- 6 PROPERTY" and inserting the following: "AGRICULTURAL
- 7 LAND".
- 8 3. Page 22, line 20, by striking the words "Real
- 9 property" and inserting the following: "Agricultural
- 10 land".
- 11 4. Page 22, line 26, by striking the words "the
- 12 same type of real property" and inserting the
- 13 following: "agricultural land".
- 14 5. Page 22, line 27, by striking the words "real
- 15 property" and inserting the following: "agricultural
- 16 land".
- 17 6. Page 22, line 31, by striking the words "real
- 18 property" and inserting the words "agricultural land".
- 19 7. Page 23, line 16, by striking the word "three"
- 20 and inserting the following: "five".
- 21 8. Page 23, line 18, by striking the words "Real
- 22 property" and inserting the following: "Agricultural
- 23 land".
- 24 9. Page 23, line 22, by striking the words "the
- 25 same type of real property" and inserting the
- 26 following: "agricultural land".
- 27 10. Page 23, line 23, by striking the words "real
- 28 property" and inserting the following: "agricultural
- 29 land".
- 30 11. Page 23, line 30, by striking the words "real
- 31 property" and inserting the words "agricultural land".
- 32 12. Page 23, line 32, by striking the words "real
- 33 property" and inserting the following: "agricultural
- 34 land".
- 35 13. Page 23, line 33, by striking the words "real
- 36 property" and inserting the following: "agricultural
- 37 land".
- 38 14. By striking page 23, line 34 through page 24,
- 39 line 32.
- 40 15. By striking page 24, line 33 through page 26,
- 41 line 4.
- 42 16. Page 26, line 13, by striking the words "real
- 43 property" and inserting the following: "agricultural
- 44 land".
- 45 17. Page 26, line 19, by striking the words "real
- 46 property" and inserting the following: "agricultural
- 47 land".
- 48 18. By striking page 26, line 25 through page 27,
- 49 line 17.
- 50 19. By striking page 27, line 18 through page 28,

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1 line 33.

2 20. By striking page 28, line 34 through page 29,  
3 line 6, and inserting the following:

4 "Sec. \_\_\_\_\_. An interim study committee is created  
5 for the purpose of studying farm financial stress.  
6 There shall be at least ten members on the study  
7 committee who shall be appointed by the legislative  
8 council and whose membership may include, but shall  
9 not be limited to, members of the general assembly  
10 representing both houses and both political parties,  
11 persons representing the lending industry and the  
12 agricultural industry, and other persons deemed  
13 necessary by the legislative council. The study  
14 committee shall coordinate its efforts with Iowa state  
15 university. The study committee shall be under the  
16 management and control of the legislative council.  
17 The study committee may investigate, research, hold  
18 hearings, and make recommendations accompanied by bill  
19 drafts designed to carry out those recommendations,  
20 and generally exercise the powers and duties provided  
21 for legislative committees and study committees as  
22 provided in chapter 2. Specific purposes of the study  
23 committee are to review new data and develop better  
24 understandings about the causes and trends in farm  
25 financial stress; to monitor the private and public  
26 actions and programs at work to resolve the crisis; to  
27 examine the probable "ripple" or general economic  
28 effects of farm financial stress and the effects on  
29 rural non-farm businesses, lenders, cooperatives, and  
30 main street businesses; to analyze the ownership  
31 patterns of farms and control of input supply  
32 businesses, farm related factories, grain elevators  
33 and meat processing plants; to anticipate the effect  
34 on the Iowa economy and local communities if no action  
35 is taken; and to evaluate current or proposed remedies  
36 and alternatives such as modification of the Uniform  
37 Commercial Code, a limited foreclosure moratorium,  
38 permission for lenders to hold land, special education  
39 for adults through programs such as ASSIST, the Rural  
40 Concerns Hotline, the displaced farmers program, tax  
41 exempt state bonds to provide low interest credit,  
42 loan guarantees, state or federal appropriations for  
43 interest rate "buydowns", an agricultural adjustment  
44 corporation, and an agricultural investment bank. The  
45 study committee shall make periodic reports to the  
46 legislative council and make a final report to the  
47 legislative council and the members of the general  
48 assembly by January 15, 1986."

49 21. Page 29, by inserting after line 13 the  
50 following:

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- 1 "Sec. \_\_\_\_ . Sections 1 through 23 of this Act are  
2 effective March 1, 1986."  
3 22. Title page, line 6, by striking the word  
4 "seven-year" and inserting the following: "five-  
5 year"  
6 23. Title page, lines 10 through 12, by striking  
7 the words "by modifying the investment powers of the  
8 state chartered savings and loan associations and  
9 savings banks,".  
10 24. Title page, lines 12 through 17, by striking  
11 the words "providing for out-of-state bank holding  
12 companies to acquire interests in Iowa banks if those  
13 bank holding companies had entered into contracts on  
14 or before July 1, 1984, to directly or indirectly  
15 acquire voting shares, an interest in all or  
16 substantially all of the assets of, or control of bank  
17 holding companies or banks located in this state,".  
18 25. Title page, by striking line 19, and  
19 inserting the following: "an alternative nonjudicial  
20 voluntary foreclosure procedure including providing  
21 for redemption periods for lienholders,".  
22 26. Title page, by striking line 20.  
23 27. Title page, by striking line 21 and inserting  
24 the following: "providing for an interim study  
25 committee, and providing an effective date."

BY COMMITTEE ON ECONOMIC  
DEVELOPMENT

H-4194 FILED MAY 1, 1985

*Adopted as amended by 4199 & 4243  
5/3/85 (p. 2238)*

*Page 1, lines 17 & 18 o/c (p. 2241)  
Motion to reconsider lost (p. 2244)*

SENATE FILE 577

H-4178

1 Amend Senate File 577 as amended, passed, and  
2 reprinted by the Senate as follows:

3 1. Page 26, by inserting after line 4 the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION. 535.14 ANNUAL INTEREST  
6 STATEMENT -- PENALTY.

7 A person who lends money to another person or sells  
8 an item on a contract, written or oral, and charges  
9 interest on the loan or the sale shall during the  
10 month of January of each year send to the person  
11 paying interest pursuant to the loan or sales contract  
12 a written notice of the amount of interest paid during  
13 the preceding calendar year. If a person entitled to  
14 notice under this section has not received the notice  
15 by February 1, then the person may send a written  
16 demand by certified mail for the notice. If the  
17 person obligated to provide the notice under this  
18 section then fails to provide the notice within ten  
19 days of the date of mailing of the demand, the person  
20 obligated to provide the notice is liable to the  
21 person entitled to the notice in an amount of one  
22 hundred dollars and reasonable attorney's fees  
23 incurred to obtain compliance with this section."

24 2. Title page, line 10, by inserting after the  
25 word "bank," the following: "requiring an annual  
26 statement of interest received by a person charging  
27 interest on a loan or contract for sale and providing  
28 a civil penalty,".

29 3. Renumber as necessary.

H-4178 FILED MAY 1, 1985 BY VAN CAMP of Scott

*Bald not german 5/3 (p 2242)*

## SENATE FILE 577

H-4201

1 Amend Senate File 577 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 22, by striking lines 28 through 33, and  
4 inserting the following: "Iowa state university of  
5 science and technology. If an appraisal conducted by  
6 an independent real estate appraiser is available for  
7 the current year, the five-year county average shall  
8 be adjusted by either adding or subtracting from the  
9 five-year average the percentage by which the  
10 particular farm's current appraised value exceeds or  
11 is less than the current year's county average value.  
12 To the extent permitted by federal law, national banks  
13 may value agricultural land on the same basis as state  
14 banks. The value".

15 2. Page 23, by striking lines 24 through 29, and  
16 inserting the following: "of science and technology.  
17 If an appraisal conducted by an independent real  
18 estate appraiser is available for the current year,  
19 the five-year county average shall be adjusted by  
20 either adding or subtracting from the five-year  
21 average the percentage by which the particular farm's  
22 current appraised value exceeds or is less than the  
23 current year's county average value. To the extent  
24 permitted by federal law, national banks may value  
25 agricultural land on the same basis as state banks.  
26 Before the state bank sells or otherwise".

27 3. Page 26, by inserting after line 4 the  
28 following:

29 "Sec. \_\_\_\_ . Section 567.3, subsection 3, Code 1985,  
30 is amended by striking the subsection and inserting  
31 the following:

32 3. The restriction set forth in subsection 1 of  
33 this section does not apply to the following:

34 a. Agricultural land acquired by devise or  
35 descent.

36 b. A bona fide encumbrance on agricultural land  
37 taken for purposes of security.

38 c. Agricultural land acquired by a process of law  
39 in the collection of debts, by a deed in lieu of  
40 foreclosure, pursuant to a forfeiture of a contract  
41 for deed, or by any procedure for the enforcement of a  
42 lien or claim on the land, whether created by mortgage  
43 or otherwise. However, agricultural land so acquired  
44 shall be converted to a purpose other than farming,  
45 sold, or otherwise disposed of within five years after  
46 title is transferred. Pending the sale, disposition,  
47 or the development of the agricultural land for a  
48 purpose other than farming, the land shall not be used  
49 for farming except under lease to an individual,  
50 trust, corporation, partnership or other business

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(3) 1 entity not subject to the restriction on the increase  
2 in agricultural land holdings imposed by section  
3 172C.4.

4 d. Agricultural land acquired for research or  
5 experimental purposes, if commercial sales from the  
6 agricultural land are incidental to the research and  
7 experimental objectives of the nonresident alien,  
8 foreign business, or foreign government, or an agent,  
9 trustee, or fiduciary thereof, and if the agricultural  
10 land is used for the testing, development, or  
11 production of seeds, animals, or plants for sale or  
12 resale to farmers, or for incidental activities.  
13 Commercial sales are incidental to research and  
14 experimental objectives when they are less than  
15 twenty-five percent of the gross sales of the primary  
16 product of the research or experimentation.

17 e. An interest in agricultural land, not to exceed  
18 three hundred twenty acres, acquired for an immediate  
19 or pending use other than farming. However, a  
20 nonresident alien, foreign business or foreign  
21 government, or an agent, trustee or fiduciary thereof,  
22 who lawfully owns over three hundred twenty acres on  
23 January 1, 1980, may continue to own or hold the land,  
24 but shall not purchase or otherwise acquire additional  
25 agricultural land in this state except by devise or  
26 descent from a nonresident alien. Pending the  
27 development of the agricultural land for a purpose  
28 other than farming, the land shall not be used for  
29 farming except under lease to an individual, trust,  
30 corporation, partnership or other business entity not  
31 subject to the restriction on the increase in  
32 agricultural land holdings imposed by section 172C.4."

33 4. Page 26, lines 8 and 9, by striking the word  
34 and figure "section 628.26A" and inserting the  
35 following: "either section 628.26A or section  
36 654.16".

37 5. Page 27, by inserting after line 17 the  
38 following:

39 "Sec.         . NEW SECTION. 654.16 DEED IN LIEU OF  
40 FORECLOSURE.

41 In lieu of a foreclosure action in court due to  
42 default on a recorded mortgage or deed of trust of  
43 real property, if the subject property is agricultural  
44 land used for farming, as defined in section 172C.1,  
45 the mortgagee and mortgagor may enter into an  
46 agreement in which the mortgagor agrees to transfer  
47 the agricultural land to the mortgagee in satisfaction  
48 of all or part of the mortgage obligation as agreed  
49 upon by the parties. The agreement may grant the  
50 mortgagor a right to purchase the agricultural land

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1 for a period not to exceed five years, and may entitle  
2 the mortgagor to lease the agricultural land. The  
3 agreement shall be recorded with the deed transferring  
4 title to the mortgagee. A transfer of title and  
5 agreement pursuant to this section does not constitute  
6 an equitable mortgage."

8 7 6. Title page, by inserting after line 17 the  
8 following: "permitting certain persons to take and  
9 foreclose on security interests in agricultural land  
10 and to own agricultural land for purposes of research  
11 and experimentation,".

A 12 7. Title page, by inserting after line 19 the  
13 following: "providing for the execution of ,  
14 foreclosure judgments,".

H-4201 FILED MAY 1, 1985 BY BLANSHAN of Greene

A- Adopted 5/3/85 (p. 2241)  
B- #1/B (p. 2242)

SENATE FILE 577

H-4199

1 Amend amendment H-4194 to Senate File 577 as  
2 amended, passed, and reprinted by the Senate as  
3 follows:

4 1. Page 3, by striking line 1, and inserting the  
5 following:

6 "Sec. \_\_\_\_ . Section 19 of this Act is".

H-4199 FILED MAY 1, 1985 BY PARKER of Jasper

Adopted 5/3/85 (p. 2238)

SENATE FILE 577

H-4204

1 Amend Senate File 577, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 27, by inserting after line 17 the  
4 following:

5 "Sec. \_\_\_\_ . Section 654.14, Code 1985, is amended  
6 to read as follows:

7 654.14 PREFERENCE IN RECEIVERSHIP -- APPLICATION  
8 OF RENTS.

9 In any action to foreclose a real estate mortgage,  
10 a receiver may be appointed at any time while the  
11 foreclosure action is pending, at the time a judgment  
12 is rendered, or during the redemption period. where  
13 where a receiver is appointed to take charge of the  
14 real estate, the receiver shall be entitled to  
15 possession of the real estate notwithstanding the  
16 provisions of section 628.3, but preference shall be  
17 given to the owner in actual possession, subject to  
18 approval of the court, in leasing the mortgaged  
19 premises. The rents, profits, ~~avails~~ and/or and  
20 income derived from ~~said~~ the real estate shall be  
21 applied as follows:

- 22 1. To the cost of receivership.
- 23 2. To the payment of taxes due or becoming due  
24 during ~~said~~ the receivership.
- 25 3. To pay the insurance on buildings on the  
26 premises ~~and/or such~~ and other benefits to the real  
27 estate as may be ordered by the court.
- 28 4. The balance shall be paid and distributed as  
29 determined by the court."

30 2. Title page, by inserting after line 19 the  
31 following: "providing for possession of real property  
32 subject to foreclosure,".

H-4204 FILED MAY 2, 1985 BY MCINTEE of Black Hawk  
*Revised not german 5/3 (p. 2243)*

SENATE FILE 577

H-4216

1 Amend Senate File 577 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 18, by striking lines 23 through 26.

H-4216 FILED MAY 2, 1985 BY PARKER of Jasper  
*Adopted 5/3/85 (p. 2238)*

## SENATE FILE 577

H-4243

1 Amend amendment H-4194 to Senate File 577 as  
2 amended, passed, and reprinted by the Senate as  
3 follows:

4 1. Page 1, by inserting after line 2 the  
5 following:

6 "\_\_\_\_\_. Page 1, by inserting before line 1 the  
7 following:

8 "Sec. 101. Section 117.46, subsection 1, Code  
9 1985, is amended to read as follows:

10 1. Each real estate broker shall maintain a common  
11 trust account in a bank, or a savings and loan  
12 association, savings bank, or credit union for the  
13 deposit of all down payments, earnest money deposits,  
14 or other trust funds received by the broker or the  
15 broker's salespersons on behalf of the broker's  
16 principal, except that a broker acting as a  
17 salesperson shall deposit these funds in the common  
18 trust account of the broker for whom the broker acts  
19 as salesperson. The account shall be an interest-  
20 bearing account. The interest on the account shall be  
21 transferred quarterly to the treasurer of state and  
22 deposited in the title guaranty fund and used for  
23 public purposes and the benefit of the public pursuant  
24 to section 220.91 unless there is a written agreement  
25 between the buyer and seller to the contrary. The  
26 broker shall not benefit from interest received on  
27 funds of others in the broker's possession."

28 2. Page 1, by inserting after line 18 the  
29 following:

30 "\_\_\_\_\_. Page 23, by inserting after line 5 the  
31 following:

32 "Sec. 102. Section 220.1, subsection 28,  
33 unnumbered paragraph 1, Code 1985, is amended to read  
34 as follows:

35 "Small business" means a profit or nonprofit  
36 business entity-organized-for-profit, including but  
37 not limited to an individual, partnership,  
38 corporation, joint venture, association or  
39 cooperative, to which the following apply:

40 Sec. 103. Section 220.1, Code 1985, is amended by  
41 adding the following new subsections:

42 NEW SUBSECTION. 34. "Title Guaranty" means a  
43 guaranty against loss or damage caused by defective  
44 title to real property.

45 NEW SUBSECTION. 35. "Division" means the title  
46 guaranty division.

47 Sec. 104. Section 220.2, subsection 1, Code 1985,  
48 is amended by striking the subsection and inserting  
49 the following:

50 1. The Iowa finance authority is established, and

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1 constituted a public instrumentality and agency of the  
2 state exercising public and essential governmental  
3 functions, to undertake programs which assist in  
4 attainment of adequate housing for low or moderate  
5 income families, elderly families, and families which  
6 include one or more persons who are handicapped or  
7 disabled, and to undertake the Iowa homesteading  
8 program and the small business loan program. The  
9 powers of the authority are vested in and shall be  
10 exercised by a board of nine members appointed by the  
11 governor subject to confirmation by the senate. No  
12 more than five members shall belong to the same  
13 political party. As far as possible the governor  
14 shall include within the membership persons who  
15 represent community and housing development  
16 industries, housing finance industries, the real  
17 estate sales industry, elderly families, minorities,  
18 lower income families, very low income families,  
19 handicapped and disabled families, average taxpayers,  
20 local government, and any other person specially  
21 interested in community housing.

22 A title guaranty division is created within the  
23 authority. The powers of the division as relating to  
24 the issuance of title guaranties shall be vested in  
25 and exercised by a division board of five members  
26 appointed by the governor subject to confirmation by  
27 the senate. The membership of the board shall include  
28 an attorney, an abstractor, a real estate broker, a  
29 representative of a mortgage-lender and a  
30 representative of the housing development industry.  
31 The executive director of the authority shall appoint  
32 a director of the title guaranty division who shall be  
33 an attorney and shall serve as an ex officio member of  
34 the board. The appointment of and compensation for  
35 the division director shall be exempt from the  
36 provisions of chapter 19A.

37 a. Members of the board of the division shall be  
38 appointed by the governor for staggered terms of six  
39 years beginning and ending as provided in section  
40 69.19. A person shall not serve on the division board  
41 while serving on the authority board. A person  
42 appointed to fill a vacancy shall serve only for the  
43 unexpired portion of the term. A member is eligible  
44 for reappointment. A member of the division board may  
45 be removed from office by the governor for  
46 misfeasance, malfeasance or willful neglect of duty or  
47 for other just cause, after notice and hearing, unless  
48 notice and hearing is expressly waived in writing.

49 b. Three members of the board shall constitute a  
50 quorum. An affirmative vote of a majority of the

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1 appointed members is necessary for any substantive  
2 action taken by the division.

3 c. Members of the board are entitled to receive  
4 forty dollars per diem for each day spent in  
5 performance of duties as members and shall be  
6 reimbursed for all actual and necessary expenses  
7 incurred in the performance of duties as members.

8 d. Members of the board and the director shall  
9 give bond as required for public officers in chapter  
10 64.

11 e. Meetings of the board shall be held at the call  
12 of the chair of the board or on written request of two  
13 members.

14 f. Members shall elect a chair and vice chair  
15 annually and other officers as they determine. The  
16 director shall serve as secretary to the board.

17 g. The net earnings of the division, beyond that  
18 necessary for reserves, backing, guaranties issued or  
19 to otherwise implement the public purposes and  
20 programs authorized, shall not inure to the benefit of  
21 any person other than the state and are subject to  
22 section 220.2, subsection 8.

23 Sec. 105. Section 220.3, Code 1985, is amended by  
24 adding the following new subsection:

25 NEW SUBSECTION. 14. The abstract-attorney's title  
26 opinion system promotes land title stability for  
27 determining the marketability of land titles and is a  
28 public purpose. A public purpose will be served by  
29 providing, as an adjunct to the abstract-attorney's  
30 title opinion system, a low cost mechanism to provide  
31 for additional guaranties of real property titles in  
32 Iowa. The title guaranties will facilitate mortgage  
33 lenders participation in the secondary market and add  
34 to the integrity of the land-title transfer system in  
35 the state.

36 Sec. 106. Section 220.5, Code 1985, is amended by  
37 adding the following new subsection:

38 NEW SUBSECTION. 15. Through the title guaranty  
39 division, make and issue title guaranties on Iowa real  
40 property in a form acceptable to the secondary market,  
41 to fix and collect the charges for the guaranties and  
42 to procure reinsurance against any loss in connection  
43 with the guaranties.

44 Sec. 107. NEW SECTION. 220.40 COMMITMENT COSTS  
45 FUND.

46 A commitment costs fund is created within the  
47 treasurer of state's office. The moneys shall be used  
48 by the authority to cover initial commitment costs of  
49 authority bond issues and loans in order to facilitate  
50 and ensure equal access across the state to funds for

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1 programs for first time home buyers. Moneys in the  
2 fund shall not revert to the general fund and interest  
3 on the moneys in the fund shall be retained as part of  
4 the fund and not accrue to the general fund.

5 Sec. 108. NEW SECTION. 220.91 TITLE GUARANTY  
6 PROGRAM.

7 1. The authority through the title guaranty  
8 division shall initiate and operate a program in which  
9 the division shall offer guaranties of real property  
10 titles in this state. The terms, conditions and forms  
11 of the guaranty contract shall be forms approved by  
12 the division board. The division shall fix a charge  
13 for the guaranty in an amount sufficient to permit the  
14 program to operate on a self-sustaining basis,  
15 including payment of administrative costs and the  
16 maintenance of an adequate reserve against claims  
17 under the title guaranty program. A title guaranty  
18 fund is created in the office of the treasurer of  
19 state. Funds collected under this program shall be  
20 placed in the title guaranty fund and are available to  
21 pay all claims, necessary reserves and all  
22 administrative costs of the title guaranty program.  
23 Moneys in the fund shall not revert to the general  
24 fund and interest on the moneys in the fund shall be  
25 retained as a part of the fund and shall not accrue to  
26 the general fund. If the authority board in  
27 consultation with the division board determines that  
28 there are surplus funds in the title guaranty fund  
29 after providing for adequate reserves and operating  
30 expenses of the division, the surplus funds shall be  
31 transferred to the commitment costs fund created  
32 pursuant to section 220.40.

33 2. A title guaranty issued under this program  
34 an obligation of the division only and claims are  
35 payable solely and only out of the moneys, assets  
36 revenues of the title guaranty fund and are not an  
37 indebtedness or liability of the state. The state  
38 not liable on the guaranties.

39 3. With the approval of the authority board the  
40 division and its board shall consult with the  
41 insurance department in developing a guaranty program  
42 accessible to the secondary market and developing  
43 other features of the program with which the department  
44 may have special expertise. The department shall  
45 establish the amount for a loss reserve fund. Except  
46 as provided in this subsection, the title guaranty  
47 program is not subject to the jurisdiction of or  
48 regulation by the insurance department or the  
49 commissioner of insurance.

50 4. Each participating mortgage lender, attorney

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1 and abstractor shall pay an annual participation fee  
2 to be eligible to participate in the title guaranty  
3 program. The fee shall be set by the division,  
4 subject to the approval of the authority.

5 5. The participation of abstractors, attorneys  
6 and lenders shall be in accordance with rules  
7 established by the division and adopted by the  
8 authority pursuant to chapter 17A. Each participant  
9 shall at all times maintain liability coverage in  
10 amounts approved by the division. Upon payment of a  
11 claim by the division, the division shall be  
12 subrogated to the rights of the claimant against all  
13 persons relating to the claim.

14 6. Prior to the issuance of a title guaranty, the  
15 division shall require evidence that an abstract of  
16 title to the property in question has been brought up-  
17 to-date and certified by a participating abstractor in  
18 a form approved by division rules and a title opinion  
19 issued by a participating attorney in the form  
20 approved in the rules stating the attorney's opinion  
21 as to the title. The division shall require evidence  
22 of the abstract being brought up-to-date and the  
23 abstractor shall retain evidence of the abstract as  
24 determined by the board.

25 7. The attorney rendering a title opinion shall be  
26 authorized to issue a title guaranty certificate  
27 subject to the rules of the authority. A person or  
28 mortgage lender participating in the title guaranty  
29 program shall not charge or receive any portion of the  
30 charge for the guaranty as a result of their  
31 participation in the title guaranty program.

32 8. A participating mortgage lender shall notify  
33 the division when the mortgage covered by a title  
34 guaranty has been satisfied of record.

35 9. The authority shall adopt rules pursuant to  
36 chapter 17A that are necessary for the implementation  
37 of the title guaranty program as established by the  
38 division and that have been approved by the  
39 authority."

40 3. Page 1, by inserting before line 19 the  
41 following:

42 "\_\_\_\_. Page 23, by inserting after line 5 the  
43 following:

44 "Sec. \_\_\_\_ . Section 511.8, subsection 4, Code 1985,  
45 is amended to read as follows:

46 4. INTERNATIONAL BANK BONDS. Bonds or other  
47 evidence of indebtedness issued, assumed or guaranteed  
48 by the International Bank for reconstruction and  
49 development, in an amount not to exceed two percent of  
50 its total assets as shown by the last annual report,

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1 or by the Inter-American Development Bank in an amount  
2 not to exceed two percent of its total assets as shown  
3 by the last annual report or by the Asian Development  
4 Bank in an amount not to exceed two percent of its  
5 total assets as shown by the last annual report or by  
6 the African Development Bank in an amount not to  
7 exceed two percent of its total assets as shown by the  
8 last annual report. However, the combined investment  
9 in bonds or evidences of indebtedness permitted by  
10 this subsection shall not exceed four percent of its  
11 total assets as shown by the last annual report."

12 4. Page 1, by inserting before line 19 the  
13 following:

14 "\_\_\_\_\_. Page 23, by inserting after line 5 the  
15 following:

16 "Sec. 109. Section 524.103, Code 1985, is amended  
17 by adding the following new subsection:

18 NEW SUBSECTION. 27. "Bankers' bank" means a bank  
19 which is organized under the laws of any state or  
20 under federal law, and whose shares are owned  
21 exclusively by other banks or by a bank holding  
22 company whose shares are owned exclusively by other  
23 banks, except for directors' qualifying shares when  
24 required by law, and which engages exclusively in  
25 providing services for depository institutions and  
26 officers, directors and employees of those depository  
27 institutions.

28 Sec. 110. NEW SECTION. 524.109 BANKERS' BANK  
29 AUTHORIZED.

30 A state bank may be organized under this chapter as  
31 a bankers' bank. The bankers' bank is subject to all  
32 rights, privileges, duties, restrictions, penalties,  
33 liabilities, conditions and limitations applicable to  
34 state banks generally except as limited in the  
35 definition of bankers' bank contained in the section  
36 524.103, subsection 27. However, a bankers' bank  
37 shall have the same powers as those granted by federal  
38 law and regulation to a national bank organized as a  
39 bankers' bank under 12 U.S.C. § 27."

40 5. Page 1, by inserting after line 37 the  
41 following:

42 "\_\_\_\_\_. Page 23, by inserting after line 31  
43 following:

44 "Sec. 111. Section 524.901, Code 1985, is amended  
45 by adding the following new subsection:

46 NEW SUBSECTION. 5. A state bank may invest in  
47 its own account in the shares of a bankers' bank or  
48 the shares of a bank holding company which owns a  
49 bankers' bank. A state bank shall not invest in more  
50 than one bankers' bank or in more than one bank

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1 holding company which owns a bankers' bank. A state  
2 bank shall not invest an amount greater than ten  
3 percent of its capital and surplus in the shares of a  
4 bankers' bank or in the shares of a bank holding  
5 company which owns a bankers' bank. A state bank  
6 shall not invest any amount if after the investment  
7 the state bank would own or control more than five  
8 percent of any class of the voting shares of a  
9 bankers' bank or a bank holding company which owns a  
10 bankers' bank.""

11 6. Page 1, by inserting before line 38 the  
12 following:

13 " . Page 23, by inserting after line 33 the  
14 following:

15 "Sec. 112. Section 524.1202, Code 1985, is amended  
16 by adding the following new subsection:

17 NEW SUBSECTION. 3. Notwithstanding subsection 1,  
18 if the assets of a state or national bank in existence  
19 on January 1, 1985 are transferred to a different  
20 state or national bank in the state which is located  
21 in the same county or a county contiguous to or  
22 cornering upon the county in which the principal place  
23 of business of the acquired bank is located, the  
24 resulting or acquiring bank may convert to and operate  
25 as its bank office any one or more of the business  
26 locations occupied as the principal place of business  
27 or as a bank office of the bank whose assets are so  
28 acquired. The limitations on bank office locations  
29 contained in unnumbered paragraph 1 of this section,  
30 and the limitation on the number of bank offices  
31 within the municipality or urban complex of the  
32 resulting or acquiring bank contained in subsection 2  
33 shall be applicable to any bank office otherwise  
34 authorized by this subsection. A bank office  
35 established under the authority of this subsection is  
36 subject to the approval of the superintendent, shall  
37 be operated in accordance with this chapter relating  
38 to the operation of bank offices, and may be augmented  
39 by an integral facility when approved under subsection  
40 2, paragraph "d".""

41 7. Page 1, by striking lines 38 and 39.

42 8. Page 1, by inserting after line 41 the  
43 following:

44 " . Page 26, by inserting before line 5 the  
45 following:

46 "Sec. 113. Section 535.8, subsection 2, paragraph  
47 b, Code 1985, is amended by adding the following new  
48 subparagraph:

49 (10) The cost of a title guaranty issued by the  
50 Iowa finance authority pursuant to chapter 220.

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1 Sec. 114. NEW SECTION. 535A.9 TITLE GUARANTY  
2 PROGRAM DISCLOSED.

3 A financial institution shall advise prospective  
4 borrowers of the availability of the title guaranty  
5 program provided for in chapter 220 and also provide  
6 the prospective borrower with information about the  
7 title guaranty program as provided to the financial  
8 institution by the title guaranty board."

9 9. Page 1, by inserting before line 42 the  
10 following:

11 "\_\_\_\_. Page 26, by inserting before line 5 the  
12 following:

13 "Sec. \_\_\_\_\_. Section 554.9402, subsection 4, Code  
14 1985, is amended to read as follows:

15 4. A Except as provided in this subsection, a  
16 financing statement may be amended by filing a writing  
17 signed by both the debtor and the secured party.  
18 However, an amendment is sufficient when it is signed  
19 only by the secured party if it is filed to show a  
20 change of the name of the secured party. An amendment  
21 showing only a change of the name of the secured party  
22 shall be filed without fee. An amendment does not  
23 extend the period of effectiveness of a financing  
24 statement. If any amendment adds collateral, it is  
25 effective as to the added collateral only from the  
26 filing date of the amendment. In this Article, unless  
27 the context otherwise requires, the term "financing  
28 statement" means the original financing statement and  
29 any amendments."

30 10. Page 1, by inserting after line 47 the  
31 following:

32 "\_\_\_\_. Page 26 by inserting after line 24 the  
33 following:

34 "Sec. 115. NEW SECTION. 628.29 REDEMPTION BY  
35 CREDITOR PURSUANT TO ALTERNATIVE FORECLOSURE.

36 A lienholder of record may redeem real property  
37 which has been foreclosed by a mortgagee pursuant to  
38 the alternative voluntary foreclosure procedure  
39 provided in section 654.16. The junior lienholders'  
40 redemption period shall be thirty days commencing the  
41 day the notice required by section 654.16, subsection  
42 1, paragraph "e" is sent. The redemption shall be  
43 made by payment to the mortgagee of the amount of the  
44 debt secured by the mortgage including any protective  
45 advances made pursuant to chapter 629. Upon payment,  
46 the mortgagee shall convey the property by special  
47 warranty deed to the redeeming junior lienholder.

48 Sec. 116. Section 654.1, Code 1985, is amended to  
49 read as follows:

50 654.1 EQUITABLE PROCEEDINGS.

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1 No Except as provided in section 654.16, a deed of  
2 trust or mortgage of real estate shall not be  
3 foreclosed in any other manner than by action in court  
4 by equitable proceedings.

5 Sec. 117. NEW SECTION. 654.16 ALTERNATIVE  
6 NONJUDICIAL VOLUNTARY FORECLOSURE PROCEDURE.

7 1. Upon the mutual written agreement of the  
8 mortgagor and mortgagee, a real estate mortgage may be  
9 foreclosed pursuant to this section by doing all of  
10 the following:

11 a. The mortgagor shall convey to the mortgagee all  
12 interest in the real property subject to the mortgage.

13 b. The mortgagee shall accept the mortgagor's  
14 conveyance and waive any rights to a deficiency or  
15 other claim against the mortgagor arising from the  
16 mortgage.

17 c. The mortgagee shall have immediate access to  
18 the real property for the purposes of maintaining and  
19 protecting the property.

20 d. The mortgagor and mortgagee shall file a  
21 jointly executed document with the county recorder in  
22 the county where the real property is located stating  
23 that the mortgagor and mortgagee have elected to  
24 follow the alternative voluntary foreclosure  
25 procedures pursuant to this section.

26 e. The mortgagee shall send by certified mail a  
27 notice of the election to all junior lienholders as of  
28 the date of the conveyance under paragraph "a",  
29 stating that the junior lienholders have thirty days  
30 from the date of mailing to exercise any rights of  
31 redemption. The notice may also be given in the  
32 manner prescribed in section 656.3 in which case the  
33 junior lienholders have thirty days from the  
34 completion of publication to exercise the rights of  
35 redemption.

36 f. At the time the mortgagor signs the written  
37 agreement pursuant to subsection 1, the mortgagee  
38 shall furnish the mortgagor a completed form in  
39 duplicate, captioned "Disclosure and Notice of  
40 Cancellation". The form shall be attached to the  
41 written agreement, shall be in ten point boldface type  
42 and shall be in the following form:

43 "DISCLOSURE AND NOTICE OF CANCELLATION

44 .....  
45 (enter date of transaction)

46 Under a forced foreclosure Iowa law requires that  
47 you have the right to reclaim your property within one  
48 year of the date of the foreclosure and that you may  
49 continue to occupy your property during that time. If  
50 you agree to a voluntary foreclosure under this

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1 procedure you will be giving up your right to reclaim  
2 or occupy your property.

3 Under a forced foreclosure, if your mortgage lender  
4 does not receive enough money to cover what you owe  
5 when the property is sold, you will still be required  
6 to pay the difference. If your mortgage lender  
7 receives more money than you owe, the difference must  
8 be paid to you. If you agree to a voluntary  
9 foreclosure under this procedure you will not have to  
10 pay the amount of your debt not covered by the sale of  
11 your property but you also will not be paid any extra  
12 money, if any, over the amount you owe.

13 NOTE: There may be other advantages and  
14 disadvantages, including an effect on your income tax  
15 liability, to you depending on whether you agree or do  
16 not agree to a voluntary foreclosure. If you have any  
17 questions or doubts, you are advised to discuss them  
18 with your mortgage lender or an attorney.

19 You may cancel this transaction, without penalty or  
20 obligation, within five business days from the above  
21 date.

22 This transaction is entirely voluntary. You cannot  
23 be required to sign the attached foreclosure  
24 agreement.

25 This voluntary foreclosure agreement will become  
26 final unless you sign and deliver or mail this notice  
27 of cancellation to

28 \_\_\_\_\_ before midnight of \_\_\_\_\_  
29 (name of mortgagee) (enter proper date)

30 I HEREBY CANCEL THIS TRANSACTION.

31 \_\_\_\_\_  
32 DATE "SIGNATURE"

33 2. A junior lienholder may redeem the real  
34 property pursuant to section 628.29. If a junior  
35 lienholder fails to redeem its lien as provided in  
36 subsection 1, its lien shall be removed from the  
37 property.

38 3. Until the completion of foreclosure pursuant to  
39 this section, the mortgagee shall hold the real  
40 property subject to liens of record at the time of the  
41 conveyance by the mortgagor. However, the lien of the  
42 mortgagee shall remain prior to liens which were  
43 junior to the mortgage at the time of conveyance by  
44 the mortgagor to the mortgagee and may be foreclosed  
45 as provided otherwise by law.

46 4. A mortgagee who agrees to a foreclosure  
47 pursuant to this section shall not report to a credit  
48 bureau that the mortgagor is delinquent on the  
49 mortgage. However, the mortgagee may report that this  
50 foreclosure procedure was used."

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1 11. By striking page 1, line 50 through page 2,  
2 line 1.  
3 12. Page 2, by inserting after line 48 the  
4 following:  
5 "Sec. \_\_\_\_\_. The legislative council shall establish  
6 a joint interim committee of the senate and of the  
7 house to study the necessity and desirability of  
8 initiating a title guarantee program as passed by the  
9 house on March 28, 1985 or the establishment or  
10 authorization of other title guarantee or insurance  
11 programs. The committee shall report its findings and  
12 recommendations, including any proposed legislation,  
13 to the general assembly by January 15, 1986."  
14 13. Page 3, by inserting after line 2 the  
15 following:  
16 "\_\_\_\_\_. Page 29, by inserting before line 14 the  
17 following:  
18 "Sec. 118. It is the intent of the general  
19 assembly that the Iowa finance authority shall not  
20 make any title guaranties under the title guaranty  
21 program prior to January 1, 1987.  
22 Sec. 119. The Code editor may change any reference  
23 to the "Iowa housing finance authority" or the "state  
24 housing finance authority" remaining in the Code to  
25 the "Iowa finance authority" or "state finance  
26 authority".""  
27 14. Page 3, by inserting after line 2 the  
28 following:  
29 "\_\_\_\_\_. Title page, line 1, by inserting after the  
30 word "Iowa," the following: "by amending the  
31 definition of small business for purposes of the Iowa  
32 housing finance authority's program for which bonds  
33 may be issued, by changing the name of the Iowa  
34 housing finance authority, by requiring that real  
35 estate brokers' trust accounts be deposited in  
36 interest-bearing accounts and the interest transferred  
37 quarterly to the treasurer of state and deposited in  
38 the title guaranty fund, by providing that the Iowa  
39 housing finance authority initiate a self-sustaining  
40 title guarantee program for titles of real property,  
41 creating a commitment costs fund, creating a title  
42 guaranty fund, by modifying the limitations on bank  
43 offices upon merger or acquisition, by providing for  
44 an alternative nonjudicial voluntary foreclosure  
45 procedure including providing for redemption periods  
46 of lienholders under the procedure, permitting the  
47 charging of fees incurred under the title guaranty  
48 program, requiring the disclosure of the availability  
49 of the title guaranty program and making penalties  
50 applicable, "."

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- 1 15. Page 3, by striking lines 6 through 9.
- 2 16. Page 3, by striking line 22.
- 3 17. Page 3, lines 24 and 25, by striking the
- 4 words "an interim study committee" and inserting the
- 5 following: "interim study committees".
- 6 18. Page 3, by inserting after line 5 the
- 7 following:
- 8 "\_\_\_\_\_. Title page, line 7, by inserting after the
- 9 word "program" the following: "permitting life
- 10 insurance companies and associations to invest in
- 11 bonds of the African development bank,".
- 12 19. Page 3, by inserting after line 17 the
- 13 following:
- 14 "\_\_\_\_\_. Title page, by inserting after line 17 the
- 15 following: "revising the requirements of amendments
- 16 to a uniform commercial code financing statement,".

BY PARKER of Jasper  
SWARTZ of Marshall  
HALVORSON of Clayton  
HUMMEL of Benton

H-4243 FILED MAY 3, 1985  
ADOPTED (p. 2238)

SENATE FILE 577

H-4249

1 Amend Senate File 577 as amended, passed and  
2 reprinted by the Senate as follows:

3 1. Page 24, by inserting after line 33 the  
4 following:

5 "Sec. \_\_\_\_ . Section 524.1202, subsection 1, Code  
6 1985, is amended to read as follows:

7 1. Except as otherwise provided in subsection 2 of  
8 this section or section 524.1421, no a state bank  
9 shall not establish a bank office outside the  
10 corporate limits of a municipal corporation or in a  
11 municipal corporation in which there is already an  
12 established state or national bank or office, ~~however.~~  
13 However, the subsequent chartering and establishment  
14 of any a state or national bank, through the opening  
15 of its principal place of business within the  
16 municipal corporation where the bank office is  
17 located, shall not affect the right of the bank office  
18 to continue in operation in that municipal  
19 corporation. The existence and continuing operation  
20 of a bank office shall not be affected by the  
21 subsequent discontinuance of a municipal corporation  
22 pursuant to ~~the-provisions-of~~ sections 368.11 to  
23 368.22. A bank office existing and operating on July  
24 1, 1976, which is not located within the confines of a  
25 municipal corporation, shall be allowed to continue  
26 its existence and operation without regard to this  
27 subsection."

28 2. Page 26, by inserting before line 5 the  
29 following:

30 "Sec. \_\_\_\_ . NEW SECTION. 524.1421 REORGANIZATION  
31 OF BANK AFFILIATES.

32 1. Notwithstanding any other provision of this  
33 chapter, the resulting bank of a merger or  
34 consolidation of two or more banks, which have been  
35 affiliates as defined in section 524.1101 for more  
36 than five years prior to the effective date of the  
37 merger or consolidation, may retain and operate as its  
38 retained bank offices the principal places of business  
39 and all bank offices of the affiliate banks which are  
40 merged or consolidated into the resulting bank.

41 2. The resulting bank may establish bank offices  
42 allowed by other sections of this chapter to the same  
43 extent as if the merger or consolidation had not  
44 occurred.

45 3. This section does not permit the resulting bank  
46 to establish after the effective date of the merger or  
47 consolidation any bank offices in addition to those  
48 allowed to the resulting bank by other sections of  
49 this chapter. However, the resulting bank may  
50 establish and operate facilities which in the absence

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1 of the merger or consolidation would be considered  
2 under section 524.1202, subsection 2, paragraphs "c"  
3 and "d", to be an integral part of the former  
4 principal places of business of the affiliates which  
5 are merged or consolidated into the resulting bank.

6 4. Retained bank offices as provided in subsection  
7 1 shall be operated by the resulting bank in the same  
8 manner as bank offices established under section  
9 524.1201. The banks which are merged or consolidated  
10 under this section shall retain an advisory board of  
11 directors to advise on the operations of the retained  
12 bank office. The board shall be comprised of citizens  
13 residing in the area served by the bank office.

14 5. This section does not alter the limitations  
15 upon bank holding companies contained in section  
16 524.1802.

17 6. The privileges of this section are available on  
18 the same conditions to national banks.

19 7. This section shall be strictly construed as an  
20 exception to the bank office location limitations  
21 contained in section 524.1202 and it is the intent of  
22 the general assembly that a court or regulatory agency  
23 interpreting this section shall not interpret it to  
24 permit statewide branch banking or the location of a  
25 bank office in this state other than as provided in  
26 this section and in sections 524.312 and 524.1202.  
27 This section does not authorize the establishment of  
28 bank offices at any time or by any bank except when  
29 done as the direct and immediate consequence of a  
30 merger or consolidation, does not authorize the  
31 establishment of the principal place of business of  
32 the resulting bank of a merger or consolidation at any  
33 location other than one actually occupied and operated  
34 as a principal place of business of one of the parties  
35 to the merger or consolidation, does not authorize a  
36 bank office at any location other than one actually  
37 occupied and operated as a principal place of business  
38 or bank office by one of the parties to the merger or  
39 consolidation, and does not authorize a greater number  
40 of bank offices within the municipality or urban  
41 complex of the principal place of business of the  
42 resulting bank than is expressly permitted by section  
43 524.1202, subsection 2."

44 3. Title page, line 19, by inserting after the  
45 word "foreclosure," the following: "by providing for  
46 the reorganization of bank affiliates".

47 4. Renumber as necessary.

H-4249 FILED MAY 3, 1985

BY BAXTER of Des Moines

NOT GERMANE - MOTION TO SUSPEND RULES TO CONSIDER LOST (p. 2247)

S-4230

HOUSE AMENDMENT TO  
SENATE FILE 577

1 Amend Senate File 577 as amended, passed, and  
2 reprinted by the Senate as follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Sec. 101. Section 117.46, subsection 1, Code  
6 1985, is amended to read as follows:

7 1. Each real estate broker shall maintain a common  
8 trust account in a bank, or a savings and loan  
9 association, savings bank, or credit union for the  
10 deposit of all down payments, earnest money deposits,  
11 or other trust funds received by the broker or the  
12 broker's salespersons on behalf of the broker's  
13 principal, except that a broker acting as a  
14 salesperson shall deposit these funds in the common  
15 trust account of the broker for whom the broker acts  
16 as salesperson. The account shall be an interest-  
17 bearing account. The interest on the account shall be  
18 transferred quarterly to the treasurer of state and  
19 deposited in the title guaranty fund and used for  
20 public purposes and the benefit of the public pursuant  
21 to section 220.91 unless there is a written agreement  
22 between the buyer and seller to the contrary. The  
23 broker shall not benefit from interest received on  
24 funds of others in the broker's possession."

25 2. Page 18, by striking lines 23 through 26.

26 3. Page 22, line 17, by striking the word "seven"  
27 and inserting the word "five".

28 4. Page 22, line 19, by striking the words "REAL  
29 PROPERTY" and inserting the following: "AGRICULTURAL  
30 LAND".

31 5. Page 22, line 20, by striking the words "Real  
32 property" and inserting the following: "Agricultural  
33 land".

34 6. Page 22, line 26, by striking the words "the  
35 same type of real property" and inserting the  
36 following: "agricultural land".

37 7. Page 22, line 27, by striking the words "real  
38 property" and inserting the following: "agricultural  
39 land".

40 8. Page 22, by striking lines 28 through 33, and  
41 inserting the following: "Iowa state university of  
42 science and technology. If an appraisal conducted by  
43 an independent real estate appraiser is available for  
44 the current year, the five-year county average shall  
45 be adjusted by either adding or subtracting from the  
46 five-year average the percentage by which the  
47 particular farm's current appraised value exceeds or  
48 is less than the current year's county average value.  
49 To the extent permitted by federal law, national banks  
50 may value agricultural land on the same basis as state

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1 banks. The value".

2 9. Page 23, by inserting after line 5 the  
3 following:

4 "Sec. 102. Section 220.1, subsection 28,  
5 unnumbered paragraph 1, Code 1985, is amended to read  
6 as follows:

7 "Small business" means a profit or nonprofit  
8 business entity-organized-for-profit, including but  
9 not limited to an individual, partnership,  
10 corporation, joint venture, association or  
11 cooperative, to which the following apply:

12 Sec. 103. Section 220.1, Code 1985, is amended by  
13 adding the following new subsections:

14 NEW SUBSECTION. 34. "Title Guaranty" means a  
15 guaranty against loss or damage caused by defective  
16 title to real property.

17 NEW SUBSECTION. 35. "Division" means the title  
18 guaranty division.

19 Sec. 104. Section 220.2, subsection 1, Code 1985,  
20 is amended by striking the subsection and inserting  
21 the following:

22 1. The Iowa finance authority is established, and  
23 constituted a public instrumentality and agency of the  
24 state exercising public and essential governmental  
25 functions, to undertake programs which assist in  
26 attainment of adequate housing for low or moderate  
27 income families, elderly families, and families which  
28 include one or more persons who are handicapped or  
29 disabled, and to undertake the Iowa homesteading  
30 program and the small business loan program. The  
31 powers of the authority are vested in and shall be  
32 exercised by a board of nine members appointed by the  
33 governor subject to confirmation by the senate. No  
34 more than five members shall belong to the same  
35 political party. As far as possible the governor  
36 shall include within the membership persons who  
37 represent community and housing development  
38 industries, housing finance industries, the real  
39 estate sales industry, elderly families, minorities,  
40 lower income families, very low income families,  
41 handicapped and disabled families, average taxpayers,  
42 local government, and any other person specially  
43 interested in community housing.

44 A title guaranty division is created within the  
45 authority. The powers of the division as relating to  
46 the issuance of title guaranties shall be vested in  
47 and exercised by a division board of five members  
48 appointed by the governor subject to confirmation by  
49 the senate. The membership of the board shall include  
50 an attorney, an abstractor, a real estate broker, a

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1 representative of a mortgage-lender and a  
2 representative of the housing development industry.  
3 The executive director of the authority shall appoint  
4 a director of the title guaranty division who shall be  
5 an attorney and shall serve as an ex officio member of  
6 the board. The appointment of and compensation for  
7 the division director shall be exempt from the  
8 provisions of chapter 19A.

9 a. Members of the board of the division shall be  
10 appointed by the governor for staggered terms of six  
11 years beginning and ending as provided in section  
12 69.19. A person shall not serve on the division board  
13 while serving on the authority board. A person  
14 appointed to fill a vacancy shall serve only for the  
15 unexpired portion of the term. A member is eligible  
16 for reappointment. A member of the division board may  
17 be removed from office by the governor for  
18 misfeasance, malfeasance or willful neglect of duty or  
19 for other just cause, after notice and hearing, unless  
20 notice and hearing is expressly waived in writing.

21 b. Three members of the board shall constitute a  
22 quorum. An affirmative vote of a majority of the  
23 appointed members is necessary for any substantive  
24 action taken by the division.

25 c. Members of the board are entitled to receive  
26 forty dollars per diem for each day spent in  
27 performance of duties as members and shall be  
28 reimbursed for all actual and necessary expenses  
29 incurred in the performance of duties as members.

30 d. Members of the board and the director shall  
31 give bond as required for public officers in chapter  
32 64.

33 e. Meetings of the board shall be held at the call  
34 of the chair of the board or on written request of two  
35 members.

36 f. Members shall elect a chair and vice chair  
37 annually and other officers as they determine. The  
38 director shall serve as secretary to the board.

39 g. The net earnings of the division, beyond that  
40 necessary for reserves, backing, guaranties issued or  
41 to otherwise implement the public purposes and  
42 programs authorized, shall not inure to the benefit of  
43 any person other than the state and are subject to  
44 section 220.2, subsection 8.

45 Sec. 105. Section 220.3, Code 1985, is amended by  
46 adding the following new subsection:

47 NEW SUBSECTION. 14. The abstract-attorney's title  
48 opinion system promotes land title stability for  
49 determining the marketability of land titles and is a  
50 public purpose. A public purpose will be served by

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1 providing, as an adjunct to the abstract-attorney's  
2 title opinion system, a low cost mechanism to provide  
3 for additional guaranties of real property titles in  
4 Iowa. The title guaranties will facilitate mortgage  
5 lenders participation in the secondary market and add  
6 to the integrity of the land-title transfer system in  
7 the state.

8 Sec. 106. Section 220.5, Code 1985, is amended by  
9 adding the following new subsection:

10 NEW SUBSECTION. 16. Through the title guaranty  
11 division, make and issue title guaranties on Iowa real  
12 property in a form acceptable to the secondary market,  
13 to fix and collect the charges for the guaranties and  
14 to procure reinsurance against any loss in connection  
15 with the guaranties.

16 Sec. 107. NEW SECTION. 220.40 COMMITMENT COSTS  
17 FUND.

18 A commitment costs fund is created within the  
19 treasurer of state's office. The moneys shall be used  
20 by the authority to cover initial commitment costs of  
21 authority bond issues and loans in order to facilitate  
22 and ensure equal access across the state to funds for  
23 programs for first time home buyers. Moneys in the  
24 fund shall not revert to the general fund and interest  
25 on the moneys in the fund shall be retained as part of  
26 the fund and not accrue to the general fund.

27 Sec. 108. NEW SECTION. 220.91 TITLE GUARANTY  
28 PROGRAM.

29 1. The authority through the title guaranty  
30 division shall initiate and operate a program in which  
31 the division shall offer guaranties of real property  
32 titles in this state. The terms, conditions and form  
33 of the guaranty contract shall be forms approved by  
34 the division board. The division shall fix a charge  
35 for the guaranty in an amount sufficient to permit the  
36 program to operate on a self-sustaining basis,  
37 including payment of administrative costs and the  
38 maintenance of an adequate reserve against claims  
39 under the title guaranty program. A title guaranty  
40 fund is created in the office of the treasurer of  
41 state. Funds collected under this program shall be  
42 placed in the title guaranty fund and are available to  
43 pay all claims, necessary reserves and all  
44 administrative costs of the title guaranty program.  
45 Moneys in the fund shall not revert to the general  
46 fund and interest on the moneys in the fund shall be  
47 retained as a part of the fund and shall not accrue to  
48 the general fund. If the authority board in  
49 consultation with the division board determines that  
50 there are surplus funds in the title guaranty fund

1 after providing for adequate reserves and operating  
2 expenses of the division, the surplus funds shall be  
3 transferred to the commitment costs fund created  
4 pursuant to section 220.40.

5 2. A title guaranty issued under this program is  
6 an obligation of the division only and claims are  
7 payable solely and only out of the moneys, assets and  
8 revenues of the title guaranty fund and are not an  
9 indebtedness or liability of the state. The state is  
10 not liable on the guaranties.

11 3. With the approval of the authority board the  
12 division and its board shall consult with the  
13 insurance department in developing a guaranty contract  
14 acceptable to the secondary market and developing any  
15 other feature of the program with which the department  
16 may have special expertise. The department shall  
17 establish the amount for a loss reserve fund. Except  
18 as provided in this subsection, the title guaranty  
19 program is not subject to the jurisdiction of or  
20 regulation by the insurance department or the  
21 commissioner of insurance.

22 4. Each participating mortgage lender, attorney  
23 and abstractor shall pay an annual participation fee  
24 to be eligible to participate in the title guaranty  
25 program. The fee shall be set by the division,  
26 subject to the approval of the authority.

27 5. The participation of abstractors, attorneys  
28 and lenders shall be in accordance with rules  
29 established by the division and adopted by the  
30 authority pursuant to chapter 17A. Each participant  
31 shall at all times maintain liability coverage in  
32 amounts approved by the division. Upon payment of a  
33 claim by the division, the division shall be  
34 subrogated to the rights of the claimant against all  
35 persons relating to the claim.

36 6. Prior to the issuance of a title guaranty, the  
37 division shall require evidence that an abstract of  
38 title to the property in question has been brought up-  
39 to-date and certified by a participating abstractor in  
40 a form approved by division rules and a title opinion  
41 issued by a participating attorney in the form  
42 approved in the rules stating the attorney's opinion  
43 as to the title. The division shall require evidence  
44 of the abstract being brought up-to-date and the  
45 abstractor shall retain evidence of the abstract as  
46 determined by the board.

47 7. The attorney rendering a title opinion shall be  
48 authorized to issue a title guaranty certificate  
49 subject to the rules of the authority. A person or  
50 mortgage lender participating in the title guaranty

1 program shall not charge or receive any portion of the  
2 charge for the guaranty as a result of their  
3 participation in the title guaranty program.

4 8. A participating mortgage lender shall notify  
5 the division when the mortgage covered by a title  
6 guaranty has been satisfied of record.

7 9. The authority shall adopt rules pursuant to  
8 chapter 17A that are necessary for the implementation  
9 of the title guaranty program as established by the  
10 division and that have been approved by the  
11 authority."

12 10. Page 23, by inserting after line 5 the  
13 following:

14 "Sec. \_\_\_\_ . Section 511.8, subsection 4, Code 1985,  
15 is amended to read as follows:

16 4. INTERNATIONAL BANK BONDS. Bonds or other  
17 evidence of indebtedness issued, assumed or guaranteed  
18 by the International Bank for reconstruction and  
19 development, in an amount not to exceed two percent of  
20 its total assets as shown by the last annual report,  
21 or by the Inter-American Development Bank in an amount  
22 not to exceed two percent of its total assets as shown  
23 by the last annual report or by the Asian Development  
24 Bank in an amount not to exceed two percent of its  
25 total assets as shown by the last annual report or by  
26 the African Development Bank in an amount not to  
27 exceed two percent of its total assets as shown by the  
28 last annual report. However, the combined investment  
29 in bonds or evidences of indebtedness permitted by  
30 this subsection shall not exceed four percent of its  
31 total assets as shown by the last annual report."

32 11. Page 23, by inserting after line 5 the  
33 following:

34 "Sec. 109. Section 524.103, Code 1985, is amended  
35 by adding the following new subsection:

36 NEW SUBSECTION. 27. "Bankers' bank" means a bank  
37 which is organized under the laws of any state or  
38 under federal law, and whose shares are owned  
39 exclusively by other banks or by a bank holding  
40 company whose shares are owned exclusively by other  
41 banks, except for directors' qualifying shares when  
42 required by law, and which engages exclusively in  
43 providing services for depository institutions and  
44 officers, directors and employees of those depository  
45 institutions.

46 Sec. 110. NEW SECTION. 524.109 BANKERS' BANK  
47 AUTHORIZED.

48 A state bank may be organized under this chapter as  
49 a bankers' bank. The bankers' bank is subject to all  
50 rights, privileges, duties, restrictions, penalties,

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1 liabilities, conditions and limitations applicable to  
2 state banks generally except as limited in the  
3 definition of bankers' bank contained in the section  
4 524.103, subsection 27. However, a bankers' bank  
5 shall have the same powers as those granted by federal  
6 law and regulation to a national bank organized as a  
7 bankers' bank under 12 U.S.C. § 27."

8 12. Page 23, line 16, by striking the word  
9 "three" and inserting the following: "five".

10 13. Page 23, line 18, by striking the words "Real  
11 property" and inserting the following: "Agricultural  
12 land".

13 14. Page 23, line 22, by striking the words "the  
14 same type of real property" and inserting the  
15 following: "agricultural land".

16 15. Page 23, line 23, by striking the words "real  
17 property" and inserting the following: "agricultural  
18 land".

19 16. Page 23, by striking lines 24 through 29, and  
20 inserting the following: "of science and technology.  
21 If an appraisal conducted by an independent real  
22 estate appraiser is available for the current year,  
23 the five-year county average shall be adjusted by  
24 either adding or subtracting from the five-year  
25 average the percentage by which the particular farm's  
26 current appraised value exceeds or is less than the  
27 current year's county average value. To the extent  
28 permitted by federal law, national banks may value  
29 agricultural land on the same basis as state banks.  
30 Before the state bank sells or otherwise".

31 17. Page 23, line 30, by striking the words "real  
32 property" and inserting the words "agricultural land".

33 18. Page 23, line 32, by striking the words "real  
34 property" and inserting the following: "agricultural  
35 land".

36 19. Page 23, line 33, by striking the words "real  
37 property" and inserting the following: "agricultural  
38 land".

39 20. Page 23, by inserting after line 33 the  
40 following:

41 "Sec. 111. Section 524.901, Code 1985, is amended  
42 by adding the following new subsection:

43 NEW SUBSECTION. 5. A state bank may invest for  
44 its own account in the shares of a bankers' bank or in  
45 the shares of a bank holding company which owns a  
46 bankers' bank. A state bank shall not invest in more  
47 than one bankers' bank or in more than one bank  
48 holding company which owns a bankers' bank. A state  
49 bank shall not invest an amount greater than ten  
50 percent of its capital and surplus in the shares of a

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1 bankers' bank or in the shares of a bank holding  
2 company which owns a bankers' bank. A state bank  
3 shall not invest any amount if after the investment  
4 the state bank would own or control more than five  
5 percent of any class of the voting shares of a  
6 bankers' bank or a bank holding company which owns a  
7 bankers' bank."

8 21. Page 23, by inserting after line 37 the  
9 following::

10 "Sec. 112. Section 524.1202, Code 1985, is amended  
11 by adding the following new subsection:

12 NEW SUBSECTION. 3. Notwithstanding subsection 1,  
13 if the assets of a state or national bank in existence  
14 on January 1, 1985 are transferred to a different  
15 state or national bank in the state which is located  
16 in the same county or a county contiguous to or  
17 cornering upon the county in which the principal place  
18 of business of the acquired bank is located, the  
19 resulting or acquiring bank may convert to and operate  
20 as its bank office any one or more of the business  
21 locations occupied as the principal place of business  
22 or as a bank office of the bank whose assets are so  
23 acquired. The limitations on bank office locations  
24 contained in unnumbered paragraph 1 of this section,  
25 and the limitation on the number of bank offices  
26 within the municipality or urban complex of the  
27 resulting or acquiring bank contained in subsection 2  
28 shall be applicable to any bank office otherwise  
29 authorized by this subsection. A bank office  
30 established under the authority of this subsection is  
31 subject to the approval of the superintendent, shall  
32 be operated in accordance with this chapter relating  
33 to the operation of bank offices, and may be augmented  
34 by an integral facility when approved under subsection  
35 2, paragraph "d".

36 22. By striking page 24, line 33 through page 26,  
37 line 4.

38 23. Page 26, by inserting before line 5 the  
39 following:

40 "Sec. 113. Section 535.8, subsection 2, paragraph  
41 b, Code 1985, is amended by adding the following new  
42 subparagraph:

43 (10) The cost of a title guaranty issued by the  
44 Iowa finance authority pursuant to chapter 220.

45 Sec. 114. NEW SECTION. 535A.9 TITLE GUARANTY  
46 PROGRAM DISCLOSED.

47 A financial institution shall advise prospective  
48 borrowers of the availability of the title guaranty  
49 program provided for in chapter 220 and also provide  
50 the prospective borrower with information about the

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1 title guaranty program as provided to the financial  
2 institution by the title guaranty board."

3 24. Page 26, by inserting before line 5 the  
4 following:

5 "Sec. . . Section 554.94Q2, subsection 4, Code  
6 1985, is amended to read as follows:

7 4. Except as provided in this subsection, a  
8 financing statement may be amended by filing a writing  
9 signed by both the debtor and the secured party.  
10 However, an amendment is sufficient when it is signed  
11 only by the secured party if it is filed to show a  
12 change of the name of the secured party. An amendment  
13 showing only a change of the name of the secured party  
14 shall be filed without fee. An amendment does not  
15 extend the period of effectiveness of a financing  
16 statement. If any amendment adds collateral, it is  
17 effective as to the added collateral only from the  
18 filing date of the amendment. In this Article, unless  
19 the context otherwise requires, the term "financing  
20 statement" means the original financing statement and  
21 any amendments."

22 25. Page 26, lines 8 and 9, by striking the word  
23 and figure "section 628.26A" and inserting the  
24 following: "either section 628.26A or section  
25 654.16".

26 26. Page 26, line 13, by striking the words "real  
27 property" and inserting the following: "agricultural  
28 land".

29 27. Page 26, line 19, by striking the words "real  
30 property" and inserting the following: "agricultural  
31 land".

32 28. Page 26 by inserting after line 24 the  
33 following:

34 "Sec. 115. NEW SECTION. 628.29 REDEMPTION BY  
35 CREDITOR PURSUANT TO ALTERNATIVE FORECLOSURE.

36 A lienholder of record may redeem real property  
37 which has been foreclosed by a mortgagee pursuant to  
38 the alternative voluntary foreclosure procedure  
39 provided in section 654.16. The junior lienholders'  
40 redemption period shall be thirty days commencing the  
41 day the notice required by section 654.16, subsection  
42 1, paragraph "e" is sent. The redemption shall be  
43 made by payment to the mortgagee of the amount of the  
44 debt secured by the mortgage including any protective  
45 advances made pursuant to chapter 629. Upon payment,  
46 the mortgagee shall convey the property by special  
47 warranty deed to the redeeming junior lienholder.

48 Sec. 116. Section 654.1, Code 1985, is amended to  
49 read as follows:

50 654.1 EQUITABLE PROCEEDINGS.

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1 No Except as provided in section 654.16, a deed of  
2 trust or mortgage of real estate shall not be  
3 foreclosed in any other manner than by action in court  
4 by equitable proceedings.

5 Sec.-117. NEW SECTION. 654.16 ALTERNATIVE  
6 NONJUDICIAL VOLUNTARY FORECLOSURE PROCEDURE.

7 1. Upon the mutual written agreement of the  
8 mortgagor and mortgagee, a real estate mortgage may be  
9 foreclosed pursuant to this section by doing all of  
10 the following:

11 a. The mortgagor shall convey to the mortgagee all  
12 interest in the real property subject to the mortgage.

13 b. The mortgagee shall accept the mortgagor's  
14 conveyance and waive any rights to a deficiency or  
15 other claim against the mortgagor arising from the  
16 mortgage.

17 c. The mortgagee shall have immediate access to  
18 the real property for the purposes of maintaining and  
19 protecting the property.

20 d. The mortgagor and mortgagee shall file a  
21 jointly executed document with the county recorder in  
22 the county where the real property is located stating  
23 that the mortgagor and mortgagee have elected to  
24 follow the alternative voluntary foreclosure  
25 procedures pursuant to this section.

26 e. The mortgagee shall send by certified mail a  
27 notice of the election to all junior lienholders as of  
28 the date of the conveyance under paragraph "a",  
29 stating that the junior lienholders have thirty days  
30 from the date of mailing to exercise any rights of  
31 redemption. The notice may also be given in the  
32 manner prescribed in section 656.3 in which case the  
33 junior lienholders have thirty days from the  
34 completion of publication to exercise the rights of  
35 redemption.

36 f. At the time the mortgagor signs the written  
37 agreement pursuant to subsection 1, the mortgagee  
38 shall furnish the mortgagor a completed form in  
39 duplicate, captioned "Disclosure and Notice of  
40 Cancellation". The form shall be attached to the  
41 written agreement, shall be in ten point boldface type  
42 and shall be in the following form:

43 "DISCLOSURE AND NOTICE OF CANCELLATION

44 .....  
45 (enter date of transaction)

46 Under a forced foreclosure Iowa law requires that  
47 you have the right to reclaim your property within one  
48 year of the date of the foreclosure and that you may  
49 continue to occupy your property during that time. If  
50 you agree to a voluntary foreclosure under this

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1 procedure you will be giving up your right to reclaim  
2 or occupy your property.

3 Under a forced foreclosure, if your mortgage lender  
4 does not receive enough money to cover what you owe

5 when the property is sold, you will still be required  
6 to pay the difference. If your mortgage lender

7 receives more money than you owe, the difference must  
8 be paid to you. If you agree to a voluntary

9 foreclosure under this procedure you will not have to  
10 pay the amount of your debt not covered by the sale of

11 your property but you also will not be paid any extra  
12 money, if any, over the amount you owe.

13 NOTE: There may be other advantages and  
14 disadvantages, including an effect on your income tax

15 liability, to you depending on whether you agree or do  
16 not agree to a voluntary foreclosure. If you have any

17 questions or doubts, you are advised to discuss them  
18 with your mortgage lender or an attorney.

19 You may cancel this transaction, without penalty or  
20 obligation, within five business days from the above

21 date.  
22 This transaction is entirely voluntary. You cannot

23 be required to sign the attached foreclosure  
24 agreement.

25 This voluntary foreclosure agreement will become  
26 final unless you sign and deliver or mail this notice

27 of cancellation to \_\_\_\_\_ before midnight of \_\_\_\_\_  
28

29 (name of mortgagee) (enter proper date)  
30 I HEREBY CANCEL THIS TRANSACTION.

31 \_\_\_\_\_  
32 DATE SIGNATURE"

33 2. A junior lienholder may redeem the real  
34 property pursuant to section 628.29. If a junior  
35 lienholder fails to redeem its lien as provided in  
36 subsection 1, its lien shall be removed from the  
37 property.

38 3. Until the completion of foreclosure pursuant to  
39 this section, the mortgagee shall hold the real  
40 property subject to liens of record at the time of the  
41 conveyance by the mortgagor. However, the lien of the  
42 mortgagee shall remain prior to liens which were  
43 junior to the mortgage at the time of conveyance by  
44 the mortgagor to the mortgagee and may be foreclosed  
45 as provided otherwise by law.

46 4. A mortgagee who agrees to a foreclosure  
47 pursuant to this section shall not report to a credit  
48 bureau that the mortgagor is delinquent on the  
49 mortgage. However, the mortgagee may report that this  
50 foreclosure procedure was used."

1 29. By striking page 26, line 25 through page 27,  
2 line 17.

3 30. Page 27, by inserting after line 17 the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION. 654.16 DEED IN LIEU OF  
6 FORECLOSURE.

7 In lieu of a foreclosure action in court due to  
8 default on a recorded mortgage or deed of trust of  
9 real property, if the subject property is agricultural  
10 land used for farming, as defined in section 172C.1,  
11 the mortgagee and mortgagor may enter into an  
12 agreement in which the mortgagor agrees to transfer  
13 the agricultural land to the mortgagee in satisfaction  
14 of all or part of the mortgage obligation as agreed  
15 upon by the parties. The agreement may grant the  
16 mortgagor a right to purchase the agricultural land  
17 for a period not to exceed five years, and may entitle  
18 the mortgagor to lease the agricultural land. The  
19 agreement shall be recorded with the deed transferring  
20 title to the mortgagee. A transfer of title and  
21 agreement pursuant to this section does not constitute  
22 an equitable mortgage."

23 31. By striking page 28, line 34 through page 29,  
24 line 6, and inserting the following:

25 "Sec. \_\_\_\_ . An interim study committee is created  
26 for the purpose of studying farm financial stress.  
27 There shall be at least ten members on the study  
28 committee who shall be appointed by the legislative  
29 council and whose membership may include, but shall  
30 not be limited to, members of the general assembly  
31 representing both houses and both political parties,  
32 persons representing the lending industry and the  
33 agricultural industry, and other persons deemed  
34 necessary by the legislative council. The study  
35 committee shall coordinate its efforts with Iowa state  
36 university. The study committee shall be under the  
37 management and control of the legislative council.  
38 The study committee may investigate, research, hold  
39 hearings, and make recommendations accompanied by bill  
40 drafts designed to carry out those recommendations,  
41 and generally exercise the powers and duties provided  
42 for legislative committees and study committees as  
43 provided in chapter 2. Specific purposes of the study  
44 committee are to review new data and develop better  
45 understandings about the causes and trends in farm  
46 financial stress; to monitor the private and public  
47 actions and programs at work to resolve the crisis; to  
48 examine the probable "ripple" or general economic  
49 effects of farm financial stress and the effects on  
50 rural non-farm businesses, lenders, cooperatives, and

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1 main street businesses; to analyze the ownership  
2 patterns of farms and control of input supply  
3 businesses, farm related factories, grain elevators  
4 and meat processing plants; to anticipate the effect  
5 on the Iowa economy and local communities if no action  
6 is taken; and to evaluate current or proposed remedies  
7 and alternatives such as modification of the Uniform  
8 Commercial Code, a limited foreclosure moratorium,  
9 permission for lenders to hold land, special education  
10 for adults through programs such as ASSIST, the Rural  
11 Concerns Hotline, the displaced farmers program, tax  
12 exempt state bonds to provide low interest credit,  
13 loan guarantees, state or federal appropriations for  
14 interest rate "buydowns", an agricultural adjustment  
15 corporation, and an agricultural investment bank. The  
16 study committee shall make periodic reports to the  
17 legislative council and make a final report to the  
18 legislative council and the members of the general  
19 assembly by January 15, 1986.

20 Sec. \_\_\_\_\_. The legislative council shall establish  
21 a joint interim committee of the senate and of the  
22 house to study the necessity and desirability of  
23 initiating a title guarantee program as passed by the  
24 house on March 28, 1985 or the establishment or  
25 authorization of other title guarantee or insurance  
26 programs. The committee shall report its findings and  
27 recommendations, including any proposed legislation,  
28 to the general assembly by January 15, 1986."

29 32. Page 29, by inserting after line 13 the  
30 following:

31 "Sec. \_\_\_\_\_. Section 19 of this Act is effective  
32 March 1, 1986."

33 33. Page 29, by inserting before line 14 the  
34 following:

35 "Sec. 118. It is the intent of the general  
36 assembly that the Iowa finance authority shall not  
37 make any title guaranties under the title guaranty  
38 program prior to January 1, 1987.

39 Sec. 119. The Code editor may change any reference  
40 to the "Iowa housing finance authority" or the "state  
41 housing finance authority" remaining in the Code to  
42 the "Iowa finance authority" or "state finance  
43 authority".

44 34. Title page, line 1, by inserting after the  
45 word "Iowa," the following: "by amending the  
46 definition of small business for purposes of the Iowa  
47 housing finance authority's program for which bonds  
48 may be issued, by changing the name of the Iowa  
49 housing finance authority, by requiring that real  
50 estate brokers' trust accounts be deposited in

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1 interest-bearing accounts and the interest transferred  
2 quarterly to the treasurer of state and deposited in  
3 the title guaranty fund, by providing that the Iowa  
4 housing finance authority initiate a self-sustaining  
5 title guarantee program for titles of real property,  
6 creating a commitment costs fund, creating a title  
7 guaranty fund, by modifying the limitations on bank  
8 offices upon merger or acquisition, by providing for  
9 an alternative nonjudicial voluntary foreclosure  
10 procedure including providing for redemption periods  
11 of lienholders under the procedure, permitting the  
12 charging of fees incurred under the title guaranty  
13 program, requiring the disclosure of the availability  
14 of the title guaranty program and making penalties  
15 applicable,".

16 35. Title page, line 6, by striking the word  
17 "seven-year" and inserting the following: "five-  
18 year".

19 36. Title page, line 7, by inserting after the  
20 word "program" the following: "permitting life  
21 insurance companies and associations to invest in  
22 bonds of the African development bank,

23 37. Title page, lines 12 through 17, by striking  
24 the words "providing for out-of-state bank holding  
25 companies to acquire interests in Iowa banks if those  
26 bank holding companies had entered into contracts on  
27 or before July 1, 1984, to directly or indirectly  
28 acquire voting shares, an interest in all or  
29 substantially all of the assets of, or control of bank  
30 holding companies or banks located in this state,".

31 38. Title page, by inserting after line 17 the  
32 following: "revising the requirements of amendments  
33 to a uniform commercial code financing statement,".

34 39. Title page, by striking line 19, and  
35 inserting the following: "an alternative nonjudicial  
36 voluntary foreclosure procedure including providing  
37 for redemption periods for lienholders,".

38 40. Title page, by striking line 21 and inserting  
39 the following: "providing for interim study  
40 committees, and providing an effective date."

41 41. Title page, by inserting after line 19 the  
42 following: "providing for the execution of  
43 foreclosure judgments,".

44 42. By renumbering, relettering, or redesignating  
45 and correcting internal references as necessary.

There may be incorporated under chapter 496A a corporation which shall be known as the Iowa export trading company. If incorporated, this corporation shall be established by the director of the Iowa development commission. The initial board of directors shall consist of the director and six additional members appointed by the director. The six members appointed by the director shall be knowledgeable in the area of farming, exporting, or marketing finance. The commission may expend an amount not to exceed one hundred thousand dollars necessary to establish and operate the export trading company until the completion of the public offering of stock. The funds used shall be repaid to the commission upon completion of its public offering of stock. Financing for the export trading company shall initially come from its public offering of stock to residents of this state. In preparation for this sale, a detailed marketing study shall be conducted which will serve as the basis for the company work plan and the company prospectus. After the sale of stock, provision shall be made for the election of a board of directors by the stockholders to replace the initial board of directors. However, the director of the Iowa development commission shall be an ex officio member of the board representing the state of Iowa. The director of the Iowa development commission shall also serve as an agent for the company.

The articles of incorporation of the company and the prospectus on the issuance of stock in the company shall provide that only residents of the state may be owners of the stock of the company and shall provide a prohibition against the takeover of the company.

Sec. 50. NEW SECTION. 28.103 PURPOSES AND POWERS.

1. The purposes of the Iowa export trade company are to assist agricultural exporters, expand existing markets, and develop new markets through, but not limited to, direct contracts with foreign governments or their agencies, specialty-type deliveries, and countertrade options.

Specialty-type deliveries include small deliveries of grains or other agricultural products to countries with inadequate storage capacities or high quality grain deliveries through reduced blending.

2. The Iowa export trade company has the powers necessary to fulfill the purposes of this division and those provided in chapter 496A and the Export Trading Company Act of 1982, Pub. L. No. 97-290 which are not inconsistent with or limited by this division.

Sec. 51. An interim study committee is created for the purpose of studying farm financial stress. There shall be at least ten members on the study committee who shall be appointed by the legislative council and whose membership may include, but shall not be limited to, members of the general assembly representing both houses and both political parties, persons representing the lending industry and the agricultural industry, and other persons deemed necessary by the legislative council. The study committee shall coordinate its efforts with Iowa state university. The study committee shall be under the management and control of the legislative council. The study committee may investigate, research, hold hearings, and make recommendations accompanied by bill drafts designed to carry out those recommendations, and generally exercise the powers and duties provided for legislative committees and study committees as provided in chapter 2. Specific purposes of the study committee are to review new data and develop better understandings about the causes and trends in farm financial stress; to monitor the private and public actions and programs at work to resolve the crisis; to examine the probable "ripple" or general economic effects of farm financial stress and the effects on rural nonfarm businesses, lenders, cooperatives, and main street businesses; to analyze the ownership patterns of farms and control of input supply businesses, farm related factories, grain elevators and meat processing plants; to anticipate the effect

Under a forced foreclosure Iowa law requires that you have the right to reclaim your property within one year of the date of the foreclosure and that you may continue to occupy your property during that time. If you agree to a voluntary foreclosure under this procedure you will be giving up your right to reclaim or occupy your property.

Under a forced foreclosure, if your mortgage lender does not receive enough money to cover what you owe when the property is sold, you will still be required to pay the difference. If your mortgage lender receives more money than you owe, the difference must be paid to you. If you agree to a voluntary foreclosure under this procedure you will not have to pay the amount of your debt not covered by the sale of your property but you also will not be paid any extra money, if any, over the amount you owe.

NOTE: There may be other advantages and disadvantages, including an effect on your income tax liability, to you depending on whether you agree or do not agree to a voluntary foreclosure. If you have any questions or doubts, you are advised to discuss them with your mortgage lender or an attorney.

You may cancel this transaction, without penalty or obligation, within five business days from the above date.

This transaction is entirely voluntary. You cannot be required to sign the attached foreclosure agreement.

This voluntary foreclosure agreement will become final unless you sign and deliver or mail this notice of cancellation to

\_\_\_\_\_ before midnight of \_\_\_\_\_  
(name of mortgagee) (enter proper date)

I HEREBY CANCEL THIS TRANSACTION.

DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

2. A junior lienholder may redeem the real property pursuant to section 678.29. If a junior lienholder fails to

redeem its lien as provided in subsection 1, its lien shall be removed from the property.

3. Until the completion of foreclosure pursuant to this section, the mortgagee shall hold the real property subject to liens of record at the time of the conveyance by the mortgagor. However, the lien of the mortgagee shall remain prior to liens which were junior to the mortgage at the time of conveyance by the mortgagor to the mortgagee and may be foreclosed as provided otherwise by law.

4. A mortgagee who agrees to a foreclosure pursuant to this section shall not report to a credit bureau that the mortgagor is delinquent on the mortgage. However, the mortgagee may report that this foreclosure procedure was used.

Sec. 47. NEW SECTION. 654.16 DEED IN LIEU OF FORECLOSURE.

In lieu of a foreclosure action in court due to default on a recorded mortgage or deed of trust of real property, if the subject property is agricultural land used for farming, as defined in section 172C.1, the mortgagee and mortgagor may enter into an agreement in which the mortgagor agrees to transfer the agricultural land to the mortgagee in satisfaction of all or part of the mortgage obligation as agreed upon by the parties. The agreement may grant the mortgagor a right to purchase the agricultural land for a period not to exceed five years, and may entitle the mortgagor to lease the agricultural land. The agreement shall be recorded with the deed transferring title to the mortgagee. A transfer of title and agreement pursuant to this section does not constitute an equitable mortgage.

Sec. 48. NEW SECTION. 28.101 INTENT.

It is the intent of the general assembly that this division be used to enhance Iowa's agricultural exports, to assist exporters and producers of agricultural products, and to take advantage of the Export Trading Company Act of 1982, Pub. L. No. 97-290.

Sec. 49. NEW SECTION. 28.102 AUTHORIZED CORPORATION.

Sec. 43. NEW SECTION. 628.26A AGREEMENT TO EXTEND PERIOD OF REDEMPTION.

Notwithstanding section 628.3, the debtor and the mortgagee of agricultural land after the filing of the foreclosure petition, may enter into a written agreement to extend the debtor's period of redemption up to five years, and may set forth other terms and conditions of the extended redemption as agreed upon by the parties, including allowing the debtor to lease the property. However, the rights of the debtor and other parties who have a secured interest in the agricultural land shall not be reduced beyond those set forth in this chapter. The agreement entered into by the debtor and the mortgagee pursuant to this section must be approved by the court and shall be filed in the foreclosure proceedings. An agreement pursuant to this section does not constitute an equitable mortgage.

Sec. 44. NEW SECTION. 628.29 REDEMPTION BY CREDITOR PURSUANT TO ALTERNATIVE FORECLOSURE.

A lienholder of record may redeem real property which has been foreclosed by a mortgagee pursuant to the alternative voluntary foreclosure procedure provided in section 654.16. The junior lienholders' redemption period shall be thirty days commencing the day the notice required by section 654.16, subsection 1, paragraph "e" is sent. The redemption shall be made by payment to the mortgagee of the amount of the debt secured by the mortgage including any protective advances made pursuant to chapter 629. Upon payment, the mortgagee shall convey the property by special warranty deed to the redeeming junior lienholder.

Sec. 45. Section 654.1, Code 1985, is amended to read as follows:

654.1 EQUITABLE PROCEEDINGS.

No except as provided in section 654.16, a deed of trust or mortgage of real estate shall not be foreclosed in any other manner than by action in court by equitable proceedings.

Sec. 46. NEW SECTION. 654.16 ALTERNATIVE NONJUDICIAL VOLUNTARY FORECLOSURE PROCEDURES.

1. Upon the mutual written agreement of the mortgagor and mortgagee, a real estate mortgage may be foreclosed pursuant to this section by doing all of the following:

- a. The mortgagor shall convey to the mortgagee all interest in the real property subject to the mortgage.
- b. The mortgagee shall accept the mortgagor's conveyance and waive any rights to a deficiency or other claim against the mortgagor arising from the mortgage.
- c. The mortgagee shall have immediate access to the real property for the purposes of maintaining and protecting the property.
- d. The mortgagor and mortgagee shall file a jointly executed document with the county recorder in the county where the real property is located stating that the mortgagor and mortgagee have elected to follow the alternative voluntary foreclosure procedures pursuant to this section.

e. The mortgagee shall send by certified mail a notice of the election to all junior lienholders as of the date of the conveyance under paragraph "a", stating that the junior lienholders have thirty days from the date of mailing to exercise any rights of redemption. The notice may also be given in the manner prescribed in section 656.3 in which case the junior lienholders have thirty days from the completion of publication to exercise the rights of redemption.

f. At the time the mortgagor signs the written agreement pursuant to subsection 1, the mortgagee shall furnish the mortgagor a completed form in duplicate, captioned "Disclosure and Notice of Cancellation". The form shall be attached to the written agreement, shall be in ten point boldface type and shall be in the following form:

"DISCLOSURE AND NOTICE OF CANCELLATION

.....  
(enter date of transaction)

authority of this subsection is subject to the approval of the superintendent, shall be operated in accordance with this chapter relating to the operation of bank offices, and may be augmented by an integral facility when approved under subsection 2, paragraph "d".

Sec. 37. Section 534.213, subsection 1, Code 1985, is amended by adding the following new lettered paragraphs:

NEW LETTERED PARAGRAPH. 1. In addition to other investments authorized in this section, an association may invest and may continue previous investments in capital stock, obligations, or other securities of finance subsidiaries and may exercise powers with respect to finance subsidiaries to the same extent as a federal association is permitted under the Home Owners' Loan Act of 1933, 12 U.S.C. § 1464, and regulations adopted thereunder by the federal home loan bank board up to and including January 1, 1985. Investments authorized by this subsection shall not be counted in applying the limitations on investments in service corporations in paragraph "j".

NEW LETTERED PARAGRAPH. m. In addition to other investments authorized in this section, an association may invest and may continue previous investments in capital stock, obligations, or other securities of corporations which are wholly owned by the association and which exercise only those powers which may be exercised by an association under this chapter. Investments authorized by this subsection shall not be counted in applying the limitations on investments in service corporations in paragraph "j".

Sec. 38. Section 534.213, subsection 3, Code 1985, is amended to read as follows:

3. Investment in EFT organizations. Subject to the prior approval of the supervisor, in shares in a corporation engaged solely in providing and operating facilities through which an association and its members may engage, by means of either the direct transmission of electronic impulses to and from the

association or the recording of electronic impulses or other indicia of a transaction for delayed transmission to the association, in transactions in which such the association is otherwise permitted to engage pursuant to applicable law.

Sec. 39. Section 535.8, subsection 2, paragraph b, Code 1985, is amended by adding the following new subparagraph:

(10) The cost of a title guaranty issued by the Iowa finance authority pursuant to chapter 220.

Sec. 40. NEW SECTION. 535A.9 TITLE GUARANTY PROGRAM DISCLOSED.

A financial institution shall advise prospective borrowers of the availability of the title guaranty program provided for in chapter 220 and also provide the prospective borrower with information about the title guaranty program as provided to the financial institution by the title guaranty board.

Sec. 41. Section 554.9402, subsection 4, Code 1985, is amended to read as follows:

4. A Except as provided in this subsection, a financing statement may be amended by filing a writing signed by both the debtor and the secured party. However, an amendment is sufficient when it is signed only by the secured party if it is filed to show a change of the name of the secured party. An amendment showing only a change of the name of the secured party shall be filed without fee. An amendment does not extend the period of effectiveness of a financing statement. If any amendment adds collateral, it is effective as to the added collateral only from the filing date of the amendment. In this Article, unless the context otherwise requires, the term "financing statement" means the original financing statement and any amendments.

Sec. 42. NEW SECTION. 615.4 CHAPTER INAPPLICABLE IN CERTAIN SITUATION.

This chapter shall not be applied to actions which are subject to an agreement entered into pursuant to either section 628.26A or section 634.16.

conditions and limitations applicable to state banks generally except as limited in the definition of bankers' bank contained in the section 524.103, subsection 27. However, a bankers' bank shall have the same powers as those granted by federal law and regulation to a national bank organized as a bankers' bank under 12 U.S.C. § 27.

Sec. 34. Section 524.910, subsection 2, Code 1985, is amended to read as follows:

2. Real property purchased by a state bank at sales upon foreclosure of mortgages or deeds of trust owned by it, or acquired upon judgments or decrees obtained or rendered for debts due it, or such real property as shall be conveyed to it in satisfaction of debts previously contracted in the course of its business, or such real property as it may obtain by obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within one-year five years after title is vested in the state bank, unless the time is extended by the superintendent. Agricultural land held by a state bank pursuant to this subsection shall be valued on the books of the bank at a value determined by obtaining the per acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology. If an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised value exceeds or is less than the current year's county average value. To the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks. Before the state bank sells or otherwise disposes of agricultural land held pursuant to this subsection, the state bank shall first offer the prior owner

the opportunity to repurchase the agricultural land on the terms the state bank proposes to sell or dispose of the agricultural land.

Sec. 35. Section 524.901, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 5. A state bank may invest for its own account in the shares of a bankers' bank or in the shares of a bank holding company which owns a bankers' bank. A state bank shall not invest in more than one bankers' bank or in more than one bank holding company which owns a bankers' bank. A state bank shall not invest an amount greater than ten percent of its capital and surplus in the shares of a bankers' bank or in the shares of a bank holding company which owns a bankers' bank. A state bank shall not invest any amount if after the investment the state bank would own or control more than five percent of any class of the voting shares of a bankers' bank or a bank holding company which owns a bankers' bank.

Sec. 36. Section 524.1202, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Notwithstanding subsection 1, if the assets of a state or national bank in existence on January 1, 1985 are transferred to a different state or national bank in the state which is located in the same county or a county contiguous to or cornering upon the county in which the principal place of business of the acquired bank is located, the resulting or acquiring bank may convert to and operate as its bank office any one or more of the business locations occupied as the principal place of business or as a bank office of the bank whose assets are so acquired. The limitations on bank office locations contained in unnumbered paragraph 1 of this section, and the limitation on the number of bank offices within the municipality or urban complex of the resulting or acquiring bank contained in subsection 2 shall be applicable to any bank office otherwise authorized by this subsection. A bank office established under the

program is not subject to the jurisdiction of or regulation by the insurance department or the commissioner of insurance.

4. Each participating mortgage lender, attorney and abstractor shall pay an annual participation fee to be eligible to participate in the title guaranty program. The fee shall be set by the division, subject to the approval of the authority.

5. The participation of abstractors, attorneys and lenders shall be in accordance with rules established by the division and adopted by the authority pursuant to chapter 17A. Each participant shall at all times maintain liability coverage in amounts approved by the division. Upon payment of a claim by the division, the division shall be subrogated to the rights of the claimant against all persons relating to the claim.

6. Prior to the issuance of a title guaranty, the division shall require evidence that an abstract of title to the property in question has been brought up-to-date and certified by a participating abstractor in a form approved by division rules and a title opinion issued by a participating attorney in the form approved in the rules stating the attorney's opinion as to the title. The division shall require evidence of the abstract being brought up-to-date and the abstractor shall retain evidence of the abstract as determined by the board.

7. The attorney rendering a title opinion shall be authorized to issue a title guaranty certificate subject to the rules of the authority. A person or mortgage lender participating in the title guaranty program shall not charge or receive any portion of the charge for the guaranty as a result of their participation in the title guaranty program.

8. A participating mortgage lender shall notify the division when the mortgage covered by a title guaranty has been satisfied of record.

9. The authority shall adopt rules pursuant to chapter 17A that are necessary for the implementation of the title guaranty program as established by the division and that have been approved by the authority.

Sec. 31. Section 511.8, subsection 4, Code 1985, is amended to read as follows:

4. INTERNATIONAL BANK BONDS. Bonds or other evidence of indebtedness issued, assumed or guaranteed by the International Bank for reconstruction and development, in an amount not to exceed two percent of its total assets as shown by the last annual report, or by the Inter-American Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report or by the Asian Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report or by the African Development Bank in an amount not to exceed two percent of its total assets as shown by the last annual report. However, the combined investment in bonds or evidences of indebtedness permitted by this subsection shall not exceed four percent of its total assets as shown by the last annual report.

Sec. 32. Section 524.103, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 27. "Bankers' bank" means a bank which is organized under the laws of any state or under federal law, and whose shares are owned exclusively by other banks or by a bank holding company whose shares are owned exclusively by other banks, except for directors' qualifying shares when required by law, and which engages exclusively in providing services for depository institutions and officers, directors and employees of those depository institutions.

Sec. 33. NEW SECTION. 524.109 BANKERS' BANK AUTHORIZED.

A state bank may be organized under this chapter as a bankers' bank. The bankers' bank is subject to all rights, privileges, duties, restrictions, penalties, liabilities,

f. Members shall elect a chair and vice chair annually and other officers as they determine. The director shall serve as secretary to the board.

e. The net earnings of the division, beyond that necessary for reserves, backing, guaranties issued or to otherwise implement the public purposes and programs authorized, shall not inure to the benefit of any person other than the state and are subject to section 220.2, subsection 8.

Sec. 27. Section 220.3, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The abstract-attorney's title opinion system promotes land title stability for determining the marketability of land titles and is a public purpose. A public purpose will be served by providing, as an adjunct to the abstract-attorney's title opinion system, a low cost mechanism to provide for additional guaranties of real property titles in Iowa. The title guaranties will facilitate mortgage lenders participation in the secondary market and add to the integrity of the land-title transfer system in the state.

Sec. 28. Section 220.5, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 16. Through the title guaranty division, make and issue title guaranties on Iowa real property in a form acceptable to the secondary market, to fix and collect the charges for the guaranties and to procure reinsurance against any loss in connection with the guaranties.

Sec. 29. NEW SECTION. 220.40 COMMITMENT COSTS FUND.

A commitment costs fund is created within the treasurer of state's office. The moneys shall be used by the authority to cover initial commitment costs of authority bond issues and loans in order to facilitate and ensure equal access across the state to funds for programs for first time home buyers. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be retained as part of the fund and not accrue to the general fund.

Sec. 30. NEW SECTION. 220.91 TITLE GUARANTY PROGRAM.

1. The authority through the title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be retained as a part of the fund and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be transferred to the commitment costs fund created pursuant to section 220.40.

2. A title guaranty issued under this program is an obligation of the division only and claims are payable solely and only out of the moneys, assets and revenues of the title guaranty fund and are not an indebtedness or liability of the state. The state is not liable on the guaranties.

3. With the approval of the authority board the division and its board shall consult with the insurance department in developing a guaranty contract acceptable to the secondary market and developing any other feature of the program with which the department may have special expertise. The department shall establish the amount for a loss reserve fund. Except as provided in this subsection, the title guaranty

"Small business" means a profit or nonprofit business entity-organized-for-profit, including but not limited to an individual, partnership, corporation, joint venture, association or cooperative, to which the following apply:

Sec. 25. Section 220.1, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 34. "Title Guaranty" means a guaranty against loss or damage caused by defective title to real property.

NEW SUBSECTION. 35. "Division" means the title guaranty division.

Sec. 26. Section 270.2, subsection 1, Code 1985, is amended by striking the subsection and inserting the following:

1. The Iowa finance authority is established, and constituted a public instrumentality and agency of the state exercising public and essential governmental functions, to undertake programs which assist in attainment of adequate housing for low or moderate income families, elderly families, and families which include one or more persons who are handicapped or disabled, and to undertake the Iowa homesteading program and the small business loan program. The powers of the authority are vested in and shall be exercised by a board of nine members appointed by the governor subject to confirmation by the senate. 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 community and housing development industries, housing finance industries, the real estate sales industry, elderly families, minorities, lower income families, very low income families, handicapped and disabled families, average taxpayers, local government, and any other person specially interested in community housing.

A title guaranty division is created within the authority. The powers of the division as relating to the issuance of

title guaranties shall be vested in and exercised by a division board of five members appointed by the governor subject to confirmation by the senate. The membership of the board shall include an attorney, an abstractor, a real estate broker, a representative of a mortgage-lender and a representative of the housing development industry. The executive director of the authority shall appoint a director of the title guaranty division who shall be an attorney and shall serve as an ex officio member of the board. The appointment of and compensation for the division director shall be exempt from the provisions of chapter 19A.

a. Members of the board of the division shall be appointed by the governor for staggered terms of six years beginning and ending as provided in section 69.19. A person shall not serve on the division board while serving on the authority board. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the division board may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or for other just cause, after notice and hearing, unless notice and hearing is expressly waived in writing.

b. Three members of the board shall constitute a quorum. An affirmative vote of a majority of the appointed members is necessary for any substantive action taken by the division.

c. Members of the board 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.

d. Members of the board and the director shall give bond as required for public officers in chapter 64.

e. Meetings of the board shall be held at the call of the chair of the board or on written request of two members.

lending institutions are participating. At the time of the final maturity the amount on deposit, including a pro rata share of any investment earnings not already used in accordance with subsection 3, shall be returned to the lending institution making the initial deposit.

3. All investment earnings from the amount on deposit in the special trust fund shall be deposited when earned into a separate account of the special trust fund and pledged to the payment of principal of and interest on the authority's obligations issued to fund the operating assistance program in which the lending institutions are participating pursuant to the resolution under which the obligations were issued. All investment earnings not used to pay principal of and interest on the authority's obligations shall be commingled with other moneys on deposit in the special trust fund and reinvested with such moneys.

4. Neither the authority nor the holders of any of the authority's obligations shall have any claim or right to the amount on deposit in the special trust fund other than to the investment earnings held in the separate account of the special trust fund. The authority shall not use the amount on deposit in the special trust fund, other than the earnings in the separate account, to pay principal of and interest on its obligations.

Sec. 20. NEW SECTION. 175A.19 LENDING INSTITUTIONS INCENTIVES.

The superintendent of banking shall certify that a state bank or national banking association which participates in the operating assistance program is meeting its obligations to meet the credit needs of its community as provided in the federal Community Reinvestment Act of 1977, 12 U.S.C. §§ 2901-2905.

A lending institution participating in the operating assistance program may value on its books the amount collected from it by the authority and held by the authority at the full face amount thereof.

Sec. 21. NEW SECTION. 175A.20 LENDING INSTITUTION WRITE-OFF OF BOUGHT-DOWN INTEREST.

A lending institution participating in the operating assistance program under this chapter may write off the interest bought down under the program over a period not to exceed five years, rather than writing off the entire amount during the year in which the interest is bought down.

Sec. 22. NEW SECTION. 175A.21 AGRICULTURAL LAND VALUATION.

Agricultural land which is valued by a lending institution for the purpose of determining the debt-to-asset ratio of a borrower in conjunction with the borrower's application for an operating loan or a loan for the acquisition of real or personal property shall be valued by determining the per acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology. If an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised value exceeds or is less than the current year's county average value. To the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks. The value determined pursuant to this section shall be recomputed using the method provided in this section each year a loan subject to this chapter remains in existence and unpaid.

Sec. 23. NEW SECTION. 175A.22 LIBERAL INTERPRETATION.

This chapter, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 24. Section 220.1, subsection 28, unnumbered paragraph 1, Code 1985, is amended to read as follows:

1. 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 this chapter.

2. The obligations of the authority are not obligations 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 obligations of the authority payable solely and only from the authority's funds, 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 for those of the authority.

Sec. 16. NEW SECTION. 175A.15 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. 17. NEW SECTION. 175A.16 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 lending institution which is seeking a payment for a reduction in the interest rate on a borrower's farm operating loan, 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 lending institution.

2. This section does not limit the right of a member, officer or employee of the authority 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.

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. The executive director shall not receive, in addition to fixed salary or compensation, money or anything valuable, either directly or indirectly, or through a substantial interest in another corporation or business unit, for negotiating, procuring, recommending or aiding in a payment made by the authority under section 175A.8, subsection 4, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly or through any substantial interest in another corporation or business unit, in a payment made by the authority under section 175A.8, subsection 4.

Sec. 18. NEW SECTION. 175A.17 EXEMPTION FROM COMPETITIVE BID LAWS.

The authority and contracts made by it in carrying out its public and essential governmental functions are exempt from the laws of the state which provide for competitive bids in connection with the contracts.

Sec. 19. NEW SECTION. 175A.18 LENDING INSTITUTION OBLIGATIONS.

1. The authority shall collect from each lending institution participating in the operating assistance program and each participating lending institution shall pay an amount equal to eight percent of the equity capital of each participating stock-owned lending institution and five percent of the surplus of each participating mutually owned lending institution.

2. The amount collected by the authority shall become moneys of the authority and shall be deposited in a special trust fund held in the name of and for the benefit of the authority by a state bank or national banking association with trust powers. The amount collected by the authority shall be invested while on deposit in the special trust fund and shall remain invested and on deposit in the special trust fund until the final maturity of the authority's obligations issued to fund the particular operating assistance program in which the

e. Declare all the obligations 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 obligations then outstanding, annul the declaration and its consequences.

The holders of obligations, to the extent provided in the resolution by which the obligations were issued or in their agreement with the authority, may enforce any of the remedies in paragraphs "a" to "e" or the remedies provided in those agreements for and on their own behalf.

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 the holders of obligations in the enforcement and protection of their rights.

4. Before declaring the principal of obligations 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 the holders of obligations. The venue of the action shall be in the county in which the principal office of the authority is located.

Sec. 12. NEW SECTION. 175A.11 OBLIGATIONS AS LEGAL INVESTMENTS.

Obligations of the authority 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, savings banks, 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 obligations 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. 13. NEW SECTION. 175A.12 NOTICE.

The authority may publish a notice of its intention to issue obligations in a newspaper published in and with general circulation in the state. The notice shall include a statement of the maximum amount of obligations proposed to be issued, and in general, what funds or revenues will be pledged to pay the obligations and interest on the obligations. An action which questions the legality of obligations or the power of the authority to issue the obligations or the effectiveness of any proceedings adopted for the authorization or issuance of the obligations shall not be brought after sixty days from the date of publication of the notice.

Sec. 14. NEW SECTION. 175A.13 MONEYS OF THE AUTHORITY.

1. Moneys of the authority 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, investments and 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 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. 15. NEW SECTION. 175A.14 LIMITATION OF LIABILITY.

not inconsistent with the provisions of this subsection, which the obligation or a 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 this chapter for holders of its obligations. Notes shall be as fully negotiable as other obligations of the authority.

7. A copy of each pledge agreement by or to the authority, including without limitation each obligation 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 sections 554.9101 to 554.9507, article 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. Neither the members of the authority nor any person executing its obligations are liable personally on the obligations or are subject to any personal liability or accountability by reason of the issuance of the authority's obligations.

9. The authority may create and establish one or more special funds, to be known as "reserve funds", and shall pay into each reserve fund any proceeds of sale of obligations to the extent provided in the resolutions of the authority authorizing their issuance, and any other moneys which may be available to the authority for the purpose of the fund from any other sources. All moneys held in a reserve fund, except as otherwise provided in this chapter, shall be used as required solely for the payment of the principal of obligations secured in whole or in part by the fund or of the

sinking fund payments with respect to the obligations, the purchase or redemption of the obligations, the payment of interest on the obligations or the payments of any redemption premium required to be paid when the obligations are redeemed prior to maturity.

Sec. 11. NEW SECTION. 179A.10 REMEDIES OF HOLDERS OF OBLIGATIONS.

1. If the authority defaults in the payment of principal or interest on an issue of obligations after they become due, whether 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 this chapter, or defaults in an agreement made with the holders of an issue of obligations, the holders of twenty-five percent in aggregate principal amount of obligations of the issue then outstanding may appoint a trustee to represent the holders of the obligations for the purposes provided in this section by filing an instrument in the office of the clerk of the county in which the principal office of the authority is located. The instrument shall be proved or acknowledged in the same manner as a deed to be recorded.

2. The authority or any trustee appointed under the indenture under which the obligations are issued may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of obligations then outstanding shall:

- a. Enforce all rights of the holders of the obligations, including the right to require the authority to carry out its agreements with the holders and to perform its duties under this chapter.
- b. Bring suit upon the obligations.
- 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.

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

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

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

(5) Limitations on the issuance of additional obligations and on the refunding of outstanding or other obligations.

(6) The procedure by which the terms of a contract with the holders of obligations may be amended or abrogated, the amount of obligations the holders of which must consent to the contract, and the manner in which consent may be given.

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

(8) Vesting in a trustee properties, rights, powers and duties in trust as the authority determines, which may include the rights, powers and duties of the trustee appointed for the holders of any issue of obligations pursuant to section 175A.10, in which event the provisions of that section authorizing appointment of a trustee by the holders of obligations shall not apply, or limiting or abrogating the right of the holders of obligations to appoint a trustee under that section, or limiting the rights, duties and powers of the trustee.

(9) Defining the acts or omissions which constitute a default in the obligations and duties of the authority and providing for the rights and remedies of the holders of obligations in the event of a default. However, rights and remedies shall be consistent with the laws of this state.

(10) Any other matters which affect the security and protection of the obligations and the rights of the holders or which the authority deems necessary and advisable in furtherance of its purposes.

c. Include other information and be subject to other terms and conditions as the authority deems necessary and provides by rule.

5. The authority may issue its obligations for the purpose of refunding any obligations of the authority then outstanding, including the payment of any redemption premiums on the obligations and any interest accrued or to accrue to the date of redemption of the outstanding obligations. Until the proceeds of obligations issued for the purpose of refunding outstanding obligations are applied to the purchase or retirement of outstanding obligations or the redemption of outstanding obligations, the proceeds may be placed in escrow and be invested and reinvested in accordance with this chapter. The interest, income and profits earned or realized on an investment may also be applied to the payment of the outstanding obligations 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 obligations shall be issued and secured and subject to the provisions of this chapter in the same manner and to the same extent as other obligations issued pursuant to this chapter.

6. The authority may issue negotiable obligation 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 obligations of the authority 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 other obligations, and the resolution authorizing them may contain any provisions, conditions or limitations,

Sec. 10. NEW SECTION. 175A.9 OBLIGATIONS OF THE  
AUTHORITY.

1. The authority may issue its negotiable obligations in principal amounts as, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its obligations, the establishment of reserves to secure its obligations, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. The obligations shall be deemed to be investment securities and negotiable instruments within the meaning of and for all purposes of chapter 554, the uniform commercial code.

2. Obligations issued by the authority are payable solely and only out of the moneys, assets, or revenues of the authority, and as provided in agreements with holders of its obligations pledging any particular moneys, assets or revenues. Taxes or appropriations shall not be pledged for the payment of the obligations. Obligations 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 this chapter, and the authority shall not pledge the general 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. Obligations must be authorized by a resolution of the authority. However, a resolution authorizing the issuance of obligations 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. Obligations 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 registered, 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 on the obligations the seal of the authority or a facsimile of it, 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 thirty 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 this chapter, 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 obligations as to:

(1) Pledging or creating a lien, to the extent provided by the resolution, on moneys or property of the authority or moneys held in trust or otherwise by others to secure the payment of the obligations.

6. The borrower has made full disclosure of the borrower's finances to the lending institution.

e. Requirements prescribed by the authority by rule, which may include but are not limited to participation in federal crop insurance programs, where available, a consideration of the borrower's agreement to maintain farm management techniques and standards established by the authority, participation in federal farm programs, where applicable, and the maximized use of available loan guarantees including small business administration programs, where applicable.

4. The authority shall provide in the operating assistance program that the authority may, upon approval by the board of an application, enter into an agreement with the lending institution in which the lending institution shall agree to reduce for one year the interest rate on the borrower's operating loan, whether the loan is a new loan or is an existing and unpaid loan, to a rate at least five percent below the base rate, which is the maximum lawful rate of interest as determined by the superintendent of banking pursuant to section 535.2 for the calendar month in which the application was approved by the authority. However, the authority may lower the base rate if necessary to accommodate regional financial conditions. The authority shall agree to give to each lending institution which has agreed with the authority to the interest reduction a grant in the amount, as determined by the authority, necessary to reimburse the lending institution for the reduction of the interest rate on the borrower's operating loan by two percent for the term of the loan or for one year, whichever is less. The grant shall be paid to the lending institution within sixty days after the date the application is approved.

5. The authority shall require each lending institution to which the authority has approved an application for a grant on an operating loan to submit to the authority evidence satisfactory to the authority of a reduction in the interest

rate as required by an agreement pursuant to subsection 4, and in that connection, the board members, employees or agents of the authority may inspect the books and records of a lending institution.

6. Compliance by a lending institution with the terms of an agreement with the authority pursuant to subsection 4 may be enforced by decree of a district court of this state. The authority may require, as a condition of a payment to a national banking association or a federally chartered savings and loan association or savings bank on an operating loan, the consent of the association to the jurisdiction of courts of this state over an enforcement proceeding. The authority may also require, as a condition for approval of an application for a grant to a lending institution on an operating loan, that the lending institution agree to the payment of penalties to the authority for violation by the lending institution of its agreement with the authority pursuant to subsection 4, and the penalties are recoverable at the suit of the authority.

7. If a lending institution refuses a borrower's request to apply for an operating assistance grant under this section, the borrower may provide the authority with a written statement regarding the lending institution's refusal. A borrower who has provided the authority with a written statement may be provided with an opportunity for a hearing on the refusal before the board or persons designated by the authority. The procedure established in this subsection is not a contested case under chapter 17A.

8. Funds allocated by the authority for the operating assistance program which have not been committed for grants for interest rate reduction on operating loans by the end of the fiscal year, may be used for other economic assistance programs, as provided by the authority by rule, for farming or small businesses. However, applications for grants for interest rate reduction on operating loans made after the close of the fiscal year are given first priority in the use of the uncommitted funds.

13. Subject to agreements with holders of its obligations, invest or deposit moneys of the authority in a manner determined by the authority by rule, notwithstanding chapter 452 or 453.

14. Organize, administer, and participate in real or personal property investment trusts with farmers and small businesses for the purpose of reducing the debt service requirements of farm and small business machinery and land loans, subject to rules provided by the authority.

15. Make, alter and repeal rules consistent with this chapter and subject to chapter 17A.

Sec. 8. NEW SECTION. 175A.7 ANNUAL REPORT.

1. The authority shall submit to the governor and to the members of the general assembly who request it, not later than January 15 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 statement of its proposed and projected activities.
- e. Recommendations to the general assembly, as it deems necessary.
- f. An analysis of operating loan needs for farms and small businesses in the state.
- g. A schedule of its obligations outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and issued during its fiscal year.

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 farm units and small business units assisted. The report

shall state the median, mean, range, and total of the dollar amount of the individual grants, the debt-to-asset ratio of borrowers assisted, and the resulting interest rates on farm and small business operating loans. The report shall also state the median, mean, and range of the size of farm units assisted, expressed in acres, and the median, mean, and range of the size of small businesses assisted, expressed in the amount of annual gross income.

Sec. 9. NEW SECTION. 175A.8 OPERATING ASSISTANCE PROGRAM.

1. The authority shall establish and develop an operating assistance program to facilitate the availability of affordable operating capital to as many farmers and small businesses as possible by providing grants to lending institutions as provided in this section.

2. Lending institutions shall make available to borrowers a lender-borrower eligibility application form prepared by the authority for the operating assistance program. Application to the authority for assistance under this section shall be executed jointly by the lending institution and the borrower upon an approved form.

3. The authority shall provide in the operating assistance program that the grant will be provided in conjunction with a borrower's operating loan only if the following criteria are satisfied as evidenced on a lender-borrower eligibility application:

- a. The borrower is a resident of the state.
- b. The farming operation or small business for which the borrower seeks the operating assistance is located in the state.
- c. The operating loan, if a new loan, will be used, and if an existing loan, was used by the borrower for the reasonably necessary expenses and cash flow requirements of farming or of the operation of a small business.

assistance to the authority in the performance of the authority's functions, but shall not vote in board decisions.

Sec. 6. NEW SECTION. 175A.5 EXECUTIVE DIRECTOR -- STAFF.

1. The governor, subject to confirmation by the senate, shall appoint an executive director of the authority, who shall serve a four-year term at the pleasure of the governor. The term shall begin and end as provided in section 69.19. The executive director shall be selected primarily for administrative ability and knowledge in the field, without regard to political affiliation. The executive director shall not, directly or indirectly, exert influence to induce other officers or employees of the state to adopt a political view, or to favor a political candidate for office.

2. The executive director is a nonvoting ex officio member of the board, and shall advise the authority on matters relating to finance, carry out all directives from the authority, and hire and supervise the authority's staff pursuant to its directions and under chapter 19A, except that principal administrative assistants with responsibilities in operating loan programs, accounting, and processing of applications for interest reduction 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 copies to be made 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. 7. NEW SECTION. 175A.6 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. Sue and be sued in its own name.

2. Have and alter a corporate seal.

3. Make and alter bylaws for its management consistent with this chapter.

4. 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 a firm of independent certified public accountants to prepare an annual report on behalf of the authority. All political subdivisions, other public agencies and state agencies may enter into contracts and otherwise cooperate with the authority.

5. Procure insurance against any loss in connection with its operations.

6. 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.

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

8. In cooperation with other local, state or federal governmental agencies or instrumentalities, conduct studies of farm and small business operational expense needs, and gather and compile data useful to facilitate decision making.

9. Facilitate and encourage the maximized use of available federal farm and small business aid.

10. Contract with attorneys, accountants, finance experts, and other advisors or enter into contracts or agreements for these services with local, state or federal governmental agencies.

11. Issue its negotiable bonds, notes, debentures, capital stock, or other obligations as provided in sections 175A.9 to 175A.13 in order to directly or indirectly finance its programs.

12. Fix and collect fees and charges for its services.

necessary to carry out the purpose identified in section 175A.1. The powers of the authority are vested in and exercised by a board of five members appointed by a committee composed of the majority and minority floor leaders of the senate, the speaker of the house of representatives, and the minority floor leader of the house of representatives. No more than three members appointed pursuant to this subsection shall belong to the same political party. As far as possible the board shall include within the membership persons who represent lending institutions experienced in agricultural or small business lending, agricultural suppliers, farmers, operators of small businesses, average citizens, and other persons specially interested in the availability of funds for farm operating loans.

2. The members of the authority appointed pursuant to subsection 1 shall serve terms of three years, except that, of first appointments, one member shall be appointed for a term of one year and two members shall be appointed for terms of two years. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the authority appointed pursuant to subsection 1 may be removed from office by the committee for misfeasance, malfeasance, willful neglect of duty, or other just cause after notice and hearing, unless the notice and hearing is expressly waived in writing. A member of the authority appointed pursuant to subsection 1 may also serve as a member of the Iowa family farm development authority.

3. Three members of the authority constitute a quorum and the affirmative vote of a majority of the members of the authority is necessary for substantive action to be taken by the authority. The majority shall not include a member who has a conflict of interest and a statement by a member of a conflict of interest is 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 members of the authority appointed pursuant to subsection 1 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 members of the authority appointed pursuant to subsection 1 and the executive director shall give bond as required for public officers in chapter 64.

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

7. The members appointed pursuant to subsection 1 shall elect a chairperson and vice chairperson annually, and other officers as they determine, but the executive director, appointed pursuant to section 175A.5, is a nonvoting ex officio member of the board and shall serve as secretary to the authority.

8. The net earnings of the authority, beyond those necessary for retirement of its notes, bonds or other obligations, or to implement the authorized public purposes and programs, 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 such net earnings of the authority, shall vest in the state.

Sec. 5. NEW SECTION. 175A.4 ADVISORY PANEL.

The state comptroller or the comptroller's designee, the treasurer of state or the treasurer's designee, the secretary of agriculture or the secretary's designee, the director of the development commission or the director's designee, the executive director of the family farm development authority or the director's designee, and the superintendent of banking or the superintendent's designee are constituted as an advisory panel to the authority. The panel shall provide advice and

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter.

3. There exists a serious problem in this state regarding the ability of farmers and small businesses to obtain adequate affordable operating loans and to service the debt on existing operating, machinery, and land loans.

4. Farming and the operation of small regionally owned businesses are principal pursuits of the inhabitants of this state. Many other industries and pursuits are wholly dependent upon farming and small business.

5. The inability of farmers and small businesses to obtain adequate affordable operating loans and to service the debt on existing operating, machinery, and land loans is conducive to economic decline and poverty and impairs the economic value of vast areas of the state, which are characterized by depreciated property values, impaired investments, and reduced capacity to pay taxes.

6. These conditions result in a loss of population and further economic deterioration, accompanied by added costs to communities for creation of new public facilities and services.

7. A major cause of the unavailability of adequate affordable operating loans and the inability to service the debt on existing operating, machinery, and land loans is the unstable economic condition of the state, due in part to unanticipated high interest rates.

8. A stable economic condition is necessary to encourage and facilitate the availability of adequate affordable operating loans and to enable farmers and small businesses to service the debt on existing operating, machinery, and land loans, and it is necessary to create a state economic protective and investment authority to administer programs to stabilize the economic condition.

9. The public purpose of this chapter is to maximize the economic potential of the state and to thereby stabilize the economic condition of the state.

Sec. 3. NEW SECTION. 175A.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Authority" means the Iowa economic protective and investment authority established in section 175A.3.
2. "Farmer" means a person engaged in farming.
3. "Farming" means as defined in section 172C.1.
4. "Lending institution" means a bank, trust company, mortgage company, national banking association, savings and loan association, savings bank, or another state financial institution or entity authorized to make farm or small business operating loans or loans to farmers or small businesses to acquire real or personal property.
5. "Operating loan" means a loan made by a lending institution to a borrower in an amount sufficient to enable the borrower to pay the reasonably necessary expenses and cash flow requirements of farming or of operating a small business.
6. "Cash flow requirements" includes but is not limited to the availability of money adequate to provide for obligations which become due during the term of the operating loan for operating expenses, family living expenses, principal and interest installments on loans for real or personal property, and rent.
7. "Small business" means as defined in section 220.1, except as further defined by the authority by rule.

Sec. 4. NEW SECTION. 175A.3 ESTABLISHMENT OF AUTHORITY.

1. The Iowa economic protective and investment 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 provide assistance for farming and for small businesses, and other programs the authority deems

SENATE FILE 577

AN ACT

RELATING TO THE ECONOMY OF THE STATE OF IOWA, BY AMENDING THE DEFINITION OF SMALL BUSINESS FOR PURPOSES OF THE IOWA HOUSING FINANCE AUTHORITY'S PROGRAM FOR WHICH BONDS MAY BE ISSUED, BY CHANGING THE NAME OF THE IOWA HOUSING FINANCE AUTHORITY, BY REQUIRING THAT REAL ESTATE BROKERS' TRUST ACCOUNTS BE DEPOSITED IN INTEREST-BEARING ACCOUNTS AND THE INTEREST TRANSFERRED QUARTERLY TO THE TREASURER OF STATE AND DEPOSITED IN THE TITLE GUARANTY FUND, BY PROVIDING THAT THE IOWA HOUSING FINANCE AUTHORITY INITIATE A SELF-SUSTAINING TITLE GUARANTEE PROGRAM FOR TITLE OF REAL PROPERTY, CREATING A COMMITMENT COSTS FUND, CREATING A TITLE GUARANTY FUND, BY MODIFYING THE LIMITATIONS ON BANK OFFICES UPON MERGER OR ACQUISITION, BY PROVIDING FOR AN ALTERNATIVE NON-JUDICIAL VOLUNTARY FORECLOSURE PROCEDURE INCLUDING PROVIDING FOR REDEMPTION PERIODS OF LIENHOLDERS UNDER THE PROCEDURE, PERMITTING THE CHARGING OF FEES INCURRED UNDER THE TITLE GUARANTY PROGRAM, REQUIRING THE DISCLOSURE OF THE AVAILABILITY OF THE TITLE GUARANTY PROGRAM AND MAKING PENALTIES APPLICABLE, BY CREATING AN IOWA ECONOMIC PROTECTIVE AND INVESTMENT AUTHORITY, PROVIDING FOR THE AUTHORITY'S POWERS AND DUTIES, PROVIDING FOR INCENTIVES FOR LENDING INSTITUTIONS TO PARTICIPATE IN THE OPERATING ASSISTANCE PROGRAM, PROVIDING FOR A FIVE-YEAR WRITE-OFF OF INTEREST BOUGHT DOWN UNDER THE AUTHORITY'S OPERATING ASSISTANCE PROGRAM, PERMITTING LIFE INSURANCE COMPANIES AND ASSOCIATIONS TO INVEST IN BONDS OF THE AFRICAN DEVELOPMENT BANK, PROVIDING FOR THE VALUATION OF REAL PROPERTY HELD BY OR USED TO SECURE LOANS HELD BY LENDING INSTITUTIONS, PROVIDING FOR THE DISPOSAL OF REAL PROPERTY HELD BY A STATE BANK, BY MODIFYING THE INVESTMENT POWERS OF THE STATE CHARTERED SAVINGS AND LOAN ASSOCIATIONS AND SAVINGS BANKS, REVISING THE REQUIREMENTS OF AMENDMENTS TO A UNIFORM COMMERCIAL CODE FINANCING

STATEMENT, PROVIDING FOR STIPULATION OF REDEMPTION PERIODS, PROVIDING FOR AN ALTERNATIVE NONJUDICIAL VOLUNTARY FORECLOSURE PROCEDURE INCLUDING PROVIDING FOR REDEMPTION PERIODS FOR LIENHOLDERS, PROVIDING FOR THE EXECUTION OF FORECLOSURE JUDGMENTS, PROVIDING FOR THE CREATION OF THE IOWA EXPORT TRADING COMPANY, PROVIDING FOR INTERIM STUDY COMMITTEES, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 117.46, subsection 1, Code 1985, is amended to read as follows:

1. Each real estate broker shall maintain a common trust account in a bank, or a savings and loan association, savings bank, or credit union for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker or the broker's salespersons on behalf of the broker's principal, except that a broker acting as a salesperson shall deposit these funds in the common trust account of the broker for whom the broker acts as salesperson. The account shall be an interest-bearing account. The interest on the account shall be transferred quarterly to the treasurer of state and deposited in the title guaranty fund and used for public purposes and the benefit of the public pursuant to section 220.91 unless there is a written agreement between the buyer and seller to the contrary. The broker shall not benefit from interest received on funds of others in the broker's possession.

Sec. 2. NEW SECTION. 175A.1 LEGISLATIVE FINDINGS -- PURPOSE.

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.

on the Iowa economy and local communities if no action is taken; and to evaluate current or proposed remedies and alternatives such as modification of the Uniform Commercial Code, a limited foreclosure moratorium, permission for lenders to hold land, special education for adults through programs such as ASSIST, the Rural Concerns Hotline, the displaced farmers program, tax exempt state bonds to provide low interest credit, loan guarantees, state or federal appropriations for interest rate "buydowns", an agricultural adjustment corporation, and an agricultural investment bank. The study committee shall make periodic reports to the legislative council and make a final report to the legislative council and the members of the general assembly by January 15, 1986.

Sec. 52. The legislative council shall establish a joint interim committee of the senate and of the house to study the necessity and desirability of initiating a title guarantee program as passed by the house on March 28, 1985 or the establishment or authorization of other title guarantee or insurance programs. The committee shall report its findings and recommendations, including any proposed legislation, to the general assembly by January 15, 1986.

Sec. 53. Notwithstanding section 175A.5, the governor shall appoint, subject to the confirmation of the senate, an initial executive director to a term that shall end at midnight on April 30, 1987. Subsequent executive directors shall be appointed to four-year terms as provided in section 175A.5 with the initial four-year term commencing on May 1, 1987.

Sec. 54. Section 19 of this Act is effective March 1, 1986.

Sec. 55. It is the intent of the general assembly that the Iowa finance authority shall not make any title guarantees under the title guaranty program prior to January 1, 1987.

Sec. 56. The Code editor may change any reference to the "Iowa housing finance authority" or the "state housing finance authority" remaining in the Code to the "Iowa finance authority" or "state finance authority".

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ROBERT T. ANDERSON  
President of the Senate

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DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 577, Seventy-first General Assembly.

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K. MARIE THAYER  
Secretary of the Senate

Approved May 31, 1985

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TERRY E. BRANSTAD  
Governor

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