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SENATE FILE 591

BY COMMITTEE ON WAYS AND MEANS

Approved p. 1899

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Passed Senate, Date 5-2-85 (p. 1903) Passed House, Date _____

Vote: Ayes 33 Nays 17 Vote: Ayes _____ Nays _____

Approved _____

Mention to Resolutions (p. 1904) w/d 5/3/55

A BILL FOR

1 An Act relating to the economy of the state by amending the
 2 definition of small business for purposes of the Iowa
 3 housing finance authority's program for which bonds may
 4 be issued, by increasing the limits on the amount of
 5 bonds and notes of the Iowa housing finance authority
 6 that may be outstanding or used for certain programs,
 7 by changing the name of the Iowa housing finance authority,
 8 by providing for allocation of the state ceiling on private
 9 activity bonds for tax exempt purposes, by requiring that
 10 real estate brokers' trust accounts be deposited in in-
 11 terest-bearing accounts and the interest transferred
 12 quarterly to the treasurer of state deposited in the title
 13 guaranty fund, by permitting life insurance companies and
 14 associations to invest in bonds of the African development
 15 bank, by providing that the Iowa housing finance authority
 16 initiate a self-sustaining title guarantee program for
 17 titles of real property, by creating a commitment costs
 18 fund, creating a title guaranty fund, by providing for
 19 conditions and restrictions on loans and dealings between
 20 state banks and affiliates, by providing for the reorganization
 21 of bank affiliates and merging or acquiring banks, by
 22 providing for certain investment powers of state-chartered
 23 savings and loan associations and savings banks, by revising
 24 the requirements of amendments to a uniform commercial
 25 code financing statement, by providing for an alternative

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1 nonjudicial voluntary foreclosure procedure including
2 providing for redemption periods of lienholders under the
3 procedure, permitting the charging of fees incurred under
4 the title guaranty program, requiring the disclosure of
5 the availability of the title guaranty program and making
6 penalties applicable, providing for an effective date,
7 establishing an interim study committee, and providing for
8 the repeal of portions of the Act.

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

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1 Section 1. NEW SECTION. 7C.1 SHORT TITLE.

2 This chapter shall be known and may be cited as the
3 "Private Activity Bond Allocation Act."

4 Sec. 2. NEW SECTION. 7C.2 DECLARATION OF INTENT.

5 It is the intention of the general assembly in enacting
6 this chapter to:

7 1. Implement Act section 621 of the Deficit Reduction Act
8 of 1984, Pub. L. No. 98-369, by providing a different formula
9 for allocating the state ceiling among the various
10 governmental units which are authorized to issue private
11 activity bonds under the laws of this state.

12 2. Maximize the availability of the state ceiling to the
13 issuers of private activity bonds within the state and thereby
14 maximize the economic benefit to the citizens of the state
15 from the issuance of private activity bonds.

16 Sec. 3. NEW SECTION. 7C.3 DEFINITIONS.

17 For the purposes of this chapter, unless the context
18 otherwise requires:

19 1. "Internal Revenue Code of 1954" means the Internal
20 Revenue Code of 1954 as has been and may from time to time be
21 amended.

22 2. "State ceiling" means the same as defined in section
23 103(n) of the Internal Revenue Code of 1954.

24 3. "Bond" or "private activity bond" means a private
25 activity bond as defined in section 103(n) of the Internal
26 Revenue Code of 1954.

27 4. "Issuer" means a city or county within the state or a
28 not-for-profit corporation, agency, authority or other entity
29 acting on behalf of a city, county, or the state which is
30 authorized under the laws of the state to issue private
31 activity bonds.

32 5. "Carryforward project" means carryforward project as
33 defined in section 103(n) of the Internal Revenue Code of
34 1954.

35 6. "Allocation" means that portion of the state ceiling

1 which is allocated and certified to an issuer by the
2 governor's designee pursuant to section 7C.7 with respect to
3 an issue of bonds for a specific project or purpose.

4 7. "Governor's designee" means the person, agency, or
5 authority designated by the governor to administer this
6 chapter.

7 Sec. 4. NEW SECTION. 7C.4 MAXIMUM AMOUNT OF BONDS.

8 The aggregate principal amount of bonds which may be issued
9 by all issuers during a calendar year shall not exceed the
10 state ceiling for that calendar year, except as provided in
11 section 7C.3.

12 Sec. 5. NEW SECTION. 7C.5 FORMULA FOR ALLOCATION.

13 The state ceiling shall be allocated among all issuers on
14 the basis of the chronological order of receipt by the
15 governor's designee of the applications described in section
16 7C.5.

17 Sec. 6. NEW SECTION. 7C.6 APPLICATION FOR ALLOCATION.

18 An issuer which proposes to issue bonds for a particular
19 project or purpose must make an application, which application
20 may be made by the beneficiary of the project or purpose or by
21 a person acting on behalf of the beneficiary, for an
22 allocation of a portion of the state ceiling, prior to the
23 issuance of the bonds, by submitting an application to the
24 governor's designee, in the form prescribed by the governor's
25 designee, which contains, where appropriate, the following
26 information:

27 1. name and mailing address of the issuer.

28 2. Name of the chief elected executive officer of the is-
29 suer.

30 3. Name or description and location by mailing address or
31 other definitive description of the project for which the
32 allocation is requested.

33 4. Name and mailing address of both the initial owner,
34 beneficiary, or operator of the project and an appropriate
35 person from whom information regarding the project or purpose

1 can be obtained.

2 5. Date of adoption by the governing body of the issuer of
3 an inducement or other preliminary resolution for the purpose
4 of taking "official action" as required by the United States
5 treasury regulations promulgated under section 103 of the
6 Internal Revenue Code of 1954, if the bonds require the taking
7 of "official action" under the Internal Revenue Code of 1954.

8 6. Amount of the state ceiling which the issuer is
9 requesting be allocated to the bonds.

10 7. Other information which the governor's designee deems
11 reasonably required to carry out the purposes of this chapter.

12 Sec. 7. NEW SECTION. 7C.7 CERTIFICATION OF ALLOCATION.

13 Upon the receipt of a completed application, the governor's
14 designee shall promptly certify to the issuer the amount of
15 the state ceiling allocated to the bonds for the purpose or
16 project with respect to which the application was submitted.
17 The allocation shall remain valid for ninety days from the
18 date the allocation is certified, subject to the following
19 conditions:

20 1. If the bonds are issued and delivered for the purpose
21 or project within the ninety-day period, the issuer or the
22 issuer's attorney shall within ten days following the issuance
23 and delivery of the bonds notify the governor's designee, in
24 such form or manner as the governor's designee may prescribe,
25 of the date of issuance and the delivery of the bonds, and the
26 actual principal amount of bonds issued and delivered. If the
27 actual principal amount of bonds issued and delivered is less
28 than the amount of the allocation, the amount of the
29 allocation is automatically reduced to the actual principal
30 amount of the bonds issued and delivered.

31 2. If the issuer does not reasonably expect to issue and
32 deliver the bonds within the ninety-day period and evidence of
33 an executed, valid and binding agreement to purchase the bonds
34 is obtained from an entity with the legal ability to purchase
35 and this agreement is filed with the governor's designee, the

1 ninety-day allocation period is automatically extended for an
2 additional thirty days. The allocation period shall not be
3 extended beyond that additional thirty days.

4 3. The allocation is no longer valid after December 31 of
5 the calendar year in which it is certified, except as provided
6 in section 7C.8.

7 Sec. 8. NEW SECTION. 7C.8 STATE CEILING CARRYFORWARDS.

8 It is the intention of the general assembly that the
9 maximum use be made of all carryforward provisions in section
10 103(n) of the Internal Revenue Code of 1954. Therefore, if
11 the aggregate principal amount of bonds issued by all issuers
12 in a calendar year is less than the state ceiling for that
13 calendar year, an issuer may apply to the governor's designee
14 for an allocation of a specified portion of the excess state
15 ceiling to be applied to a specified carryforward project.
16 The governor's designee shall determine the time and manner in
17 which applications for an allocation of excess state ceiling
18 shall be made. However, the procedures for applications shall
19 comply with the carryforward provisions of section 103(n) of
20 the Internal Revenue Code of 1954 and regulations promulgated
21 under that section.

22 Sec. 9. NEW SECTION. 7C.9 NONBUSINESS DAYS.

23 If the expiration date of either the ninety-day period or
24 the thirty-day extension period described in subsection 1 or 2
25 of section 7C.7 is a Saturday, Sunday or any day on which the
26 offices of the state, banking institutions or savings and loan
27 associations in the state are authorized or required to close,
28 the expiration date is extended to the first day thereafter
29 which is not a Saturday, Sunday or other previously described
30 day.

31 Sec. 10. NEW SECTION. 7C.10 RESUBMISSION OF EXPIRED AL-
32 LOCATIONS.

33 If an allocation becomes no longer valid as provided in
34 section 7C.7, the issuer may resubmit its application for the
35 same project or purpose. The resubmitted application shall be

1 treated as a new application and preference, priority, or
2 prejudice shall not be given to the application or the issuer
3 as a result of the prior application.

4 Sec. 11. NEW SECTION. 7C.11 PRIORITY ALLOCATIONS.

5 The governor's designee shall give priority in the
6 allocation of the state ceiling to a project for which there
7 was an inducement resolution or other comparable preliminary
8 approval by an issuer before October 19, 1983, and which
9 otherwise qualifies for priority under Act section 631(a)(3)
10 of the Deficit Reduction Act of 1984, Pub. L. No. 98-369.

11 Sec. 12. NEW SECTION. 7C.12 AUTHORITY AND DUTIES OF THE
12 GOVERNOR AND GOVERNOR'S DESIGNEE.

13 The governor shall designate a person, agency, or authority
14 to administer this chapter. The person, agency, or authority
15 so designated shall serve at the pleasure of the governor and
16 shall be selected primarily for administrative ability and
17 knowledge in the area of public finance.

18 In addition to the powers and duties specified in sections
19 7C.1 to 7C.11, the governor's designee:

20 1. Shall promulgate reasonable rules which are necessary
21 or expedient to carry out the intent and purposes of the
22 private activity bond allocation Act.

23 2. Shall maintain appropriate records of all applications
24 filed by issuers pursuant to section 7C.6 and all bonds issued
25 pursuant to these applications including, but not limited to,
26 a daily accounting of the amount of the state ceiling
27 available for allocation and the amount of the state ceiling
28 which has been allocated but not used.

29 Sec. 13. Section 12.10, Code 1985, is amended to read as
30 follows:

31 12.10 DEPOSITS BY STATE OFFICERS.

32 Except as otherwise provided, all elective and appointive
33 state officers, boards, commissions, and departments shall,
34 within ten days succeeding the collection, deposit with the
35 treasurer of state, or to the credit of the treasurer of state

1 in any depository designated by the treasurer of state, ninety
2 percent of all fees, commissions, and moneys collected or
3 received. The balance actually collected in cash, remaining
4 in the hands of any officer, board, or department shall not
5 exceed the sum of five thousand dollars and money collected
6 shall not be held more than thirty days. This section does
7 not apply to the state fair board, the state board of regents,
8 the Iowa state commerce commission, the commissioner of the
9 department of human services, the Iowa housing finance
10 authority or to the funds received by the state racing
11 commission under sections 99D.7 and 99D.14.

12 Sec. 14. Section 117.46, subsection 1, Code 1985, is
13 amended to read as follows:

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

30 Sec. 15. Section 175.3, subsection 2, Code 1985, is
31 amended to read as follows:

32 2. The appointed members of the authority shall be
33 appointed by the governor for terms of six years except that,
34 of the first appointments, three members shall be appointed
35 for terms of two years and three members shall be appointed

1 for a-term terms of four years. A person appointed to fill a
2 vacancy shall serve only for the unexpired portion of the
3 term. A member is eligible for reappointment. An appointed
4 member of the authority may be removed from office by the
5 governor for misfeasance, malfeasance or willful neglect of
6 duty or other just cause, after notice and hearing, unless the
7 notice and hearing is expressly waived in writing. An
8 appointed member of the authority may also serve as a member
9 of the Iowa housing finance authority.

10 Sec. 16. Section 220.1, subsection 1, Code 1985, is
11 amended to read as follows:

12 1. "Authority" means the Iowa housing finance authority
13 established in section 220.2.

14 Sec. 17. Section 220.1, subsection 28, unnumbered
15 paragraph 1, Code 1985, is amended to read as follows:

16 "Small business" means a profit or nonprofit business
17 entity-organized-for-profit, including but not limited to an
18 individual, partnership, corporation, joint venture,
19 association or cooperative, to which the following apply:

20 Sec. 18. Section 220.1, Code 1985, is amended by adding
21 the following new subsections:

22 NEW SUBSECTION. 34. "Title Guaranty" means a guaranty
23 against loss or damage caused by defective title to real
24 property.

25 NEW SUBSECTION. 35. "Division" means the title guaranty
26 division.

27 Sec. 19. Section 220.2, subsection 1, Code 1985, is
28 amended by striking the subsection and inserting the
29 following:

30 1. The Iowa finance authority is established, and
31 constituted a public instrumentality and agency of the state
32 exercising public and essential governmental functions, to
33 undertake programs which assist in attainment of adequate
34 housing for low or moderate income families, elderly families,
35 and families which include one or more persons who are

1 handicapped or disabled, and to undertake the Iowa
2 homesteading program and the small business loan program. The
3 powers of the authority are vested in and shall be exercised
4 by a board of nine members appointed by the governor subject
5 to confirmation by the senate. No more than five members
6 shall belong to the same political party. As far as possible
7 the governor shall include within the membership persons who
8 represent community and housing development industries,
9 housing finance industries, the real estate sales industry,
10 elderly families, minorities, lower income families, very low
11 income families, handicapped and disabled families, average
12 taxpayers, local government, and any other person specially
13 interested in community housing.

14 A title guaranty division is created within the authority.
15 The powers of the division as relating to the issuance of
16 title guaranties shall be vested in and exercised by a
17 division board of six members appointed by the governor
18 subject to confirmation by the senate. The governor's
19 appointees shall include an attorney, an abstractor, a real
20 estate broker, a representative of a mortgage-lender and a
21 representative of the housing development industry. The other
22 member of the board shall be the commissioner of insurance or
23 the designee of the commissioner. The executive director of
24 the authority shall appoint a director of the title guaranty
25 division who shall be an attorney and shall serve as an ex
26 officio member of the board. The appointment of and
27 compensation for the division director shall be exempt from
28 the provisions of chapter 19A.

29 a. Members of the board of the division shall be appointed
30 by the governor for staggered terms of six years beginning and
31 ending as provided in section 69.19. A person shall not serve
32 on the division board while serving on the authority board. A
33 person appointed to fill a vacancy shall serve only for the
34 unexpired portion of the term. A member is eligible for
35 reappointment. A member of the division board may be removed

1 from office by the governor for misfeasance, malfeasance or
2 willful neglect of duty or for other just cause, after notice
3 and hearing, unless notice and hearing is expressly waived in
4 writing.

5 b. Four members of the board shall constitute a quorum.
6 An affirmative vote of a majority of the appointed members is
7 necessary for any substantive action taken by the division.

8 c. Appointed members of the board are entitled to receive
9 forty dollars per diem for each day spent in performance of
10 duties as members and shall be reimbursed for all actual and
11 necessary expenses incurred in the performance of duties as
12 members.

13 d. Members of the board and the director shall give bond
14 as required for public officers in chapter 64.

15 e. Meetings of the board shall be held at the call of the
16 chair of the board or on written request of two members.

17 f. Members shall elect a chair and vice chair annually and
18 other officers as they determine. The director shall serve as
19 secretary to the board.

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

25 Sec. 20. Section 220.3, subsection 10, Code 1985, is
26 amended to read as follows:

27 10. It is necessary to create a state housing finance
28 authority to encourage the investment of private capital and
29 stimulate the construction and rehabilitation of adequate
30 housing through the use of public financing.

31 Sec. 21. Section 220.3, Code 1985, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 14. The abstract-attorney's title opinion
34 system promotes land title stability for determining the
35 marketability of land titles and is a public purpose. A

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

8 Sec. 22. Section 220.5, Code 1985, is amended by adding
9 the following new subsection:

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

15 Sec. 23. Section 220.6, subsection 4, unnumbered paragraph
16 1, Code 1985, is amended to read as follows:

17 The director of the ~~Iowa-housing-finance~~ authority shall
18 report to the Iowa general assembly in February of 1980, an
19 analysis of the nature and status of the disclosure reports
20 filed pursuant to section 535A.4.

21 Sec. 24. Section 220.26, subsection 1, Code 1985, is
22 amended to read as follows:

23 1. The authority may issue its negotiable bonds and notes
24 in principal amounts as, in the opinion of the authority, are
25 necessary to provide sufficient funds for achievement of its
26 corporate purposes, the payment of interest on its bonds and
27 notes, the establishment of reserves to secure its bonds and
28 notes, and all other expenditures of the authority incident to
29 and necessary or convenient to carry out its purposes and
30 powers. However, the authority shall not have a total
31 principal amount of bonds and notes outstanding at any time in
32 excess of ~~six~~ six eight hundred fifty million dollars plus a total
33 of fifty million dollars for property improvement loans to
34 finance solar and other renewable energy systems in housing as
35 authorized by section 220.37 and to finance loans to provide

1 solar and other renewable energy systems for and to increase
2 the energy efficiency of small businesses under the Iowa small
3 business loan program. ~~Two-hundred-fifty-million-dollars-of~~
4 the The total principal amount of bonds and notes that may be
5 issued pursuant to the small business loan program shall be
6 set by the authority and the principal amount of these bonds
7 and notes that are outstanding shall not be counted as a
8 portion of the total principal amount of bonds and notes of
9 the authority that may be outstanding at any time as provided
10 in this subsection. The bonds and notes shall be deemed to be
11 investment securities and negotiable instruments within the
12 meaning of and for all purposes of the uniform commercial
13 code.

14 Sec. 25. NEW SECTION. 220.40 COMMITMENT COSTS FUND.

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

23 Sec. 26. NEW SECTION. 220.91 TITLE GUARANTY PROGRAM.

24 1. The authority through the title guaranty division shall
25 initiate and operate a program in which the division shall
26 offer guaranties of real property titles in this state. The
27 terms, conditions and form of the guaranty contract shall be
28 forms approved by the division board. The division shall fix
29 a charge for the guaranty in an amount sufficient to permit
30 the program to operate on a self-sustaining basis, including
31 payment of administrative costs and the maintenance of an
32 adequate reserve against claims under the title guaranty
33 program. A title guaranty fund is created in the office of
34 the treasurer of state. Funds collected under this program
35 shall be placed in the title guaranty fund and are available

1 to pay all claims, necessary reserves and all administrative
2 costs of the title guaranty program. Moneys in the fund shall
3 not revert to the general fund and interest on the moneys in
4 the fund shall be retained as a part of the fund and shall not
5 accrue to the general fund. If the authority board in
6 consultation with the division board determines that there are
7 surplus funds in the title guaranty fund after providing for
8 adequate reserves and operating expenses of the division, the
9 surplus funds shall be transferred to the commitment costs
10 fund created pursuant to section 220.40.

11 2. A title guaranty issued under this program is an
12 obligation of the division only and claims are payable solely
13 and only out of the moneys, assets and revenues of the title
14 guaranty fund and are not an indebtedness or liability of the
15 state. The state is not liable on the guaranties.

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

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

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

1 the rights of the claimant against all persons relating to the
2 claim.

3 6. Prior to the issuance of a title guaranty, the division
4 shall require evidence that an abstract of title to the
5 property in question has been brought up-to-date and certified
6 by a participating abstractor in a form approved by division
7 rules and a title opinion issued by a participating attorney
8 in the form approved in the rules stating the attorney's
9 opinion as to the title. The division shall require evidence
10 of the abstract being brought up-to-date and the abstractor
11 shall retain evidence of the abstract as determined by the
12 board.

13 7. The attorney rendering a title opinion shall be
14 authorized to issue a title guaranty certificate subject to
15 the rules of the authority. A person or mortgage lender
16 participating in the title guaranty program shall not charge
17 or receive any portion of the charge for the guaranty as a
18 result of their participation in the title guaranty program.

19 8. A participating mortgage lender shall notify the
20 division when the mortgage covered by a title guaranty has
21 been satisfied of record.

22 9. The authority shall adopt rules pursuant to chapter 17A
23 that are necessary for the implementation of the title
24 guaranty program as established by the division and that have
25 been approved by the authority.

26 Sec. 27. Section 403A.3, subsection 10, Code 1985, is
27 amended to read as follows:

28 10. To co-operate with the Iowa housing finance authority,
29 to participate in any of its programs, to use any of the funds
30 available to the municipality for the uses of this chapter to
31 contribute to such the programs in which it participates, and
32 to comply with ~~the provisions of~~ sections 220.1 to 220.36 and
33 the rules of the Iowa housing finance authority promulgated
34 thereunder adopted under this chapter.

35 Sec. 28. Section 446.7, unnumbered paragraph 2, Code 1985,

1 is amended to read as follows:

2 Property of municipal and political subdivisions of the
3 state of Iowa and property held by a city or county agency or
4 the Iowa housing finance authority for use in an Iowa
5 homesteading project, shall not be offered or sold at tax sale
6 and a tax sale of that property is void from its inception.
7 When delinquent taxes are owing against property owned or
8 claimed by a municipal or political subdivision of the state
9 of Iowa, or property held by a city or county agency or the
10 Iowa housing finance authority for use in an Iowa homesteading
11 project, the treasurer shall give notice to the governing body
12 of the agency, subdivision or authority which shall then pay
13 the amount of the due and delinquent taxes. If the governing
14 body fails to pay the taxes, the board of supervisors shall
15 abate the taxes as provided in chapters 427 and 445 and
16 section 569.8.

17 Sec. 29. Section 446.39, Code 1985, is amended to read as
18 follows:

19 446.39 IOWA HOUSING FINANCE AUTHORITY STATEMENT.

20 A city or county, a city or county agency as authorized by
21 the Iowa housing finance authority, or the Iowa housing
22 finance authority may file with the treasurer a verified
23 statement that a parcel of property to be sold at tax sale is
24 abandoned and deteriorating in condition, or is inhabited but
25 is not safe for human habitation, or is or is likely to become
26 a public nuisance, and that the property is suitable for use
27 and is to be used in an Iowa homesteading project under
28 section 220.14. Other information may be included. Upon
29 proper filing of the statement, and if the property is offered
30 at any a tax sale and no a bid is not received, or if the bid
31 received is less than the total amount of the delinquent
32 general taxes, interest, penalties and costs, or if the
33 property is to be transferred to the county under section
34 446.38, the city, county, city or county agency, or Iowa
35 housing finance authority may bid for the property for use in

1 an Iowa homesteading project, bidding a sum equal to the total
2 amount of all delinquent general taxes, interest, penalties
3 and costs charged against the property. Each of the tax-
4 levying and tax-certifying bodies having an interest in the
5 taxes for which the property is sold shall be charged with the
6 full amount of all delinquent taxes due to it, as its share of
7 the purchase price.

8 Sec. 30. Section 447.9, Code 1985, is amended to read as
9 follows:

10 447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION.

11 After two years and nine months from the date of sale, or
12 after nine months from the date of a sale made under the
13 provisions of section 446.18, 446.38 or 446.39, the holder of
14 the certificate of purchase may cause to be served upon the
15 person in possession of the real estate, and also upon the
16 person in whose name the real estate is taxed, if the person
17 resides in the county where the land is situated, in the
18 manner provided for the service of original notices, a notice
19 signed by the certificate holder or the certificate holder's
20 agent or attorney, stating the date of sale, the description
21 of the property sold, the name of the purchaser, and that the
22 right of redemption will expire and a deed for the land be
23 made unless redemption is made within ninety days from the
24 completed service of the notice. When the notice is given by
25 a county as a holder of a certificate of purchase the notice
26 shall be signed by the county treasurer, and when given by a
27 city, it shall be signed by the city officer designated by
28 resolution of the council. When the notice is given by the
29 Iowa Housing Finance Authority or a city or county agency
30 holding the property as part of an Iowa homesteading project,
31 it shall be signed on behalf of the agency or authority by one
32 of its officers, as authorized in rules of the agency or
33 authority. Service of the notice shall also be made by
34 certified mail on any mortgagee or assignee of record, whether
35 resident or nonresident of the county, if the mortgagee's or

1 assignee's address is disclosed by the recorded instrument or
2 by a certificate showing the address of the mortgagee or
3 assignee duly filed with the recorder, or the state of Iowa in
4 case of an old-age assistance lien by service upon the state
5 department of human services. The notice shall also be served
6 on any the city where the real estate is situated.

7 Sec. 31. Section 447.12, Code 1985, is amended to read as
8 follows:

9 447.12 WHEN SERVICE DEEMED COMPLETE -- PRESUMPTION.

10 Service is complete only after an affidavit has been filed
11 with the treasurer, showing the making of the service, the
12 manner of service, the time when and place where made, and
13 under whose direction the service was made. The affidavit
14 shall be made by the holder of the certificate or by the
15 holder's agent or attorney, and in either of the latter cases
16 stating that the affiant is the agent or attorney, of the
17 holder of the certificate. The affidavit shall be filed by
18 the treasurer and entered upon the sale book opposite the
19 entry of the sale, and the record or affidavit is presumptive
20 evidence of the completed service of the notice. The right of
21 redemption shall does not expire until ninety days after
22 service is complete. When the property is held by a city or
23 county, a city or county agency, or the Iowa housing finance
24 authority, for use in an Iowa homesteading project, whether or
25 not the property is the subject of a conditional conveyance
26 granted under the project, the affidavit shall be made by the
27 treasurer of the county, a city officer designated by
28 resolution of the council, or on behalf of the agency or
29 authority, by one of its officers as authorized in rules of
30 the agency or authority.

31 Sec. 32. Section 447.13, Code 1985, is amended to read as
32 follows:

33 447.13 COST -- FEE -- REPORT.

34 The cost of serving the notice and affidavit of publication
35 shall be added to the amount necessary to redeem. The fee for

1 serving the notice shall ~~be~~ is the same as for service of an
2 original notice, including copy fee and mileage. The
3 treasurer shall file the proof of service and statement of
4 costs and enter it on the sale book against the proper tract
5 of real estate. The holder of the certificate of sale or the
6 holder's agent may report in writing to the county treasurer
7 the amount of costs incurred in giving the notice, and the
8 treasurer shall enter it in the sale book. A redemption is
9 not complete until the costs are paid. If the property is
10 held by a city or county, a city or county agency, or the Iowa
11 housing finance authority, for use in an Iowa homesteading
12 project, whether or not the property is the subject of a
13 conditional conveyance granted under the project, the costs
14 incurred for repairs and rehabilitation work required and
15 undertaken in order to make the property meet applicable
16 building or housing code standards shall be added to the
17 amount necessary to redeem, and a redemption is not complete
18 until the costs are paid.

19 Sec. 33. Section 472.53 Code 1985, is amended to read as
20 follows:

21 472.53 PROCEDURE FOR HOMESTEADING PROJECTS.

22 If the purpose of condemnation is to obtain property for
23 use as part of an Iowa homesteading project under section
24 220.14, the application required under section 472.3 may
25 contain a verified statement that the property sought to be
26 condemned is abandoned and deteriorating in condition, or is
27 uninhabited but is not safe for human habitation, or is or is
28 likely to become a public nuisance, and that the property is
29 suitable for use and is to be used in an Iowa homesteading
30 project. Other information may be included. The statement
31 must be verified by the Iowa housing finance authority or by a
32 local agency authorized under rules of the authority. Upon
33 proper filing of the statement and the report of the
34 condemnation commissioner assessing damages, and deposit of the
35 amount assessed with the sheriff, the applicant for

1 condemnation may take possession as provided in section 472.25
2 if the property is abandoned, or may take steps to obtain
3 possession after ninety days from the date of the filing of
4 the statement, report, and deposit, if the property is
5 inhabited.

6 Sec. 34. Section 511.8, subsection 4, Code 1985, is
7 amended to read as follows:

8 4. INTERNATIONAL BANK BONDS. Bonds or other evidence of
9 indebtedness issued, assumed or guaranteed by the
10 International Bank for reconstruction and development, in an
11 amount not to exceed two percent of its total assets as shown
12 by the last annual report, or by the Inter-American
13 Development Bank in an amount not to exceed two percent of its
14 total assets as shown by the last annual report, or by the
15 Asian Development Bank in an amount not to exceed two percent
16 of its total assets as shown by the last annual report or by
17 the African Development Bank in an amount not to exceed two
18 percent of its total assets as shown by the last annual
19 report. However, the combined investment in bonds or
20 evidences of indebtedness permitted by this subsection shall
21 not exceed four percent of its total assets as shown by the
22 last annual report.

23 Sec. 35. Section 524.901, subsection 2, paragraphs a and
24 g, Code 1985, are amended to read as follows:

25 a. The total amount of the bonds or securities of any one
26 issuer or obligor, other than revenue or improvement bonds
27 issued by a municipality, the Iowa housing finance authority,
28 or the Iowa family farm development authority and subjected to
29 separate investment limits under paragraphs "b", "c", "d",
30 "f", or "g" of this subsection, shall not exceed twenty
31 percent of the capital and surplus of the state bank.

32 g. The total amount of bonds or notes issued by the Iowa
33 housing finance authority pursuant to chapter 220 which have
34 been issued on behalf of any one small business as defined in
35 section 220.1, subsection 28, or any one group home referred

1 to in section 220.1, subsection 11, paragraph "a," and the
2 proceeds of which have been loaned to that small business or
3 group home shall not exceed twenty percent of the capital and
4 surplus of the bank.

5 Sec. 36. Section 524.1102, Code 1985, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 524.1102 LOANS AND DEALINGS WITH AFFILIATES.

9 1. Section 23A of the Federal Reserve Act, 12 U.S.C. §
10 371(c), as amended to and including January 1, 1985, and the
11 regulations adopted by and interpretations issued by the
12 federal reserve board issued pursuant to that section in
13 effect on January 1, 1985 relating to loans and other dealings
14 between member banks and their affiliates, apply to a state
15 bank not a member of the federal reserve system in the same
16 manner and to the same extent as if the nonmember state bank
17 were a member bank, including the definitions of capital and
18 surplus. A company which would be an affiliate of a nonmember
19 state bank for the purposes of section 23A if the bank were a
20 member bank is deemed to be an affiliate of the nonmember
21 state bank.

22 2. Notwithstanding any other provision of this chapter,
23 the resulting bank of a merger or consolidation of two or more
24 banks, which have been affiliates as defined in section
25 524.1101 for more than five years prior to the effective date
26 of the merger or consolidation, may retain and operate as its
27 retained bank offices the principal places of business and all
28 bank offices of the affiliate banks which are merged or
29 consolidated into the resulting bank.

30 3. The resulting bank may establish bank offices allowed
31 by other sections of this chapter to the same extent as if the
32 merger or consolidation had not occurred.

33 4. This section does not permit the resulting bank to
34 establish after the effective date of the merger or
35 consolidation any bank offices in addition to those allowed to

1 the resulting bank by other sections of this chapter.
2 However, the resulting bank may establish and operate
3 facilities which in the absence of the merger or consolidation
4 would be considered under section 524.1202, subsection 2,
5 paragraphs "c" and "d", to be an integral part of the former
6 principal places of business of the affiliates which are
7 merged or consolidated into the resulting bank.

8 5. Retained bank offices as provided in subsection 2 shall
9 be operated by the resulting bank in the same manner as bank
10 offices established under section 524.1201. The banks which
11 are merged or consolidated under this section shall retain an
12 advisory board of directors to advise on the operations of the
13 retained bank office. The board shall be comprised of
14 citizens residing in the area served by the bank office.

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

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

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

1 parties to the merger or consolidation, and does not authorize
2 a greater number of bank offices within the municipality or
3 urban complex of the principal place of business of the
4 resulting bank than is expressly permitted by section
5 524.1202, subsection 2.

6 Sec. 37. Section 524.1202, subsection 1, Code 1985, is
7 amended to read as follows:

8 1. Except as otherwise provided in subsection 2 of this
9 section or section 524.1102, no a state bank shall not
10 establish a bank office outside the corporate limits of a
11 municipal corporation or in a municipal corporation in which
12 there is already an established state or national bank or
13 office; ~~however.~~ However, the subsequent chartering and
14 establishment of any a state or national bank, through the
15 opening of its principal place of business within the
16 municipal corporation where the bank office is located, shall
17 not affect the right of the bank office to continue in
18 operation in that municipal corporation. The existence and
19 continuing operation of a bank office shall not be affected by
20 the subsequent discontinuance of a municipal corporation
21 pursuant to the ~~provisions of~~ sections 368.11 to 368.22. A
22 bank office existing and operating on July 1, 1976, which is
23 not located within the confines of a municipal corporation,
24 shall be allowed to continue its existence and operation
25 without regard to this subsection.

26 Sec. 38. Section 524.1202, Code 1985, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 3. Notwithstanding subsection 1, if the
29 assets of a state or national bank in existence on January 1,
30 1985 are transferred to a different state or national bank
31 located in this state, the resulting or acquiring bank may
32 convert to and operate as its bank office any one or more of
33 the business locations occupied as the principal place of
34 business or as a bank office of the bank whose assets are so
35 acquired. The limitations on bank office locations contained

1 in unnumbered paragraph 1 of this section, and the limitation
2 on the number of bank offices within the municipality or urban
3 complex of the resulting or acquiring bank contained in
4 subsection 2 shall be applicable to any bank office otherwise
5 authorized by this subsection. A bank office established
6 under the authority of this subsection is subject to the
7 approval of the superintendent, shall be operated in
8 accordance with this chapter relating to the operation of bank
9 offices, and may be augmented by an integral facility when
10 approved under subsection 2, paragraph "d".

11 Sec. 39. Section 534.213, subsection 1, Code 1985, is
12 amended by adding the following new lettered paragraphs:

13 NEW LETTERED PARAGRAPH. 1. 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 finance subsidiaries and
17 may exercise powers with respect to finance subsidiaries to
18 the same extent as a federal association is permitted under
19 the Home Owners' Loan Act of 1933, 12 U.S.C. § 1464, and
20 regulations adopted thereunder by the federal home loan bank
21 board. Investments authorized by this subsection shall not be
22 counted in applying the limitations on investments in service
23 corporations in paragraph "j".

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

33 Sec. 40. Section 534.213, subsection 3, Code 1985, is
34 amended to read as follows:

35 3. Investment in EFT organizations. Subject to the prior

1 approval of the supervisor, in shares in a corporation engaged
2 solely in providing and operating facilities through which an
3 association and its members may engage, by means of either the
4 direct transmission of electronic impulses to and from the
5 association or the recording of electronic impulses or other
6 indicia of a transaction for delayed transmission to the
7 association, in transactions in which such the association is
8 otherwise permitted to engage pursuant to applicable law.

9 Sec. 41. Section 535.8, subsection 2, paragraph b, Code
10 1985, is amended by adding the following new subparagraph:

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

13 Sec. 42. Section 535A.4, Code 1985, is amended to read as
14 follows:

15 535A.4 DISCLOSURE.

16 Each reporting financial institution shall file a copy of
17 its mortgage loan disclosure statement with the Iowa housing
18 finance authority by March 31 following the calendar year
19 covered by the mortgage loan disclosure statement. The filing
20 satisfies all reporting requirements under this chapter. The
21 maintenance of records sufficient to prepare this report
22 satisfies the recordkeeping requirements of this chapter.

23 Sec. 43. NEW SECTION. 535A.9 TITLE GUARANTY PROGRAM
24 DISCLOSED.

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

30 Sec. 44. Section 537.1301, subsection 14, paragraph b,
31 subparagraph (3), Code 1985, is amended to read as follows:

32 (3) A loan financed by the Iowa housing finance authority
33 and secured by a lien on land.

34 Sec. 45. Section 554.9402, subsection 4, Code 1985, is
35 amended to read as follows:

1 4. Except as provided in this subsection, a financing
2 statement may be amended by filing a writing signed by both
3 the debtor and the secured party. However, an amendment is
4 sufficient when it is signed only by the secured party if it
5 is filed to show a change of the name of the secured party.
6 An amendment does not extend the period of effectiveness of a
7 financing statement. If any amendment adds collateral, it is
8 effective as to the added collateral only from the filing date
9 of the amendment. In this Article, unless the context
10 otherwise requires, the term "financing statement" means the
11 original financing statement and any amendments.

12 Sec. 46. NEW SECTION. 628.29 REDEMPTION BY CREDITOR
13 PURSUANT TO ALTERNATIVE FORECLOSURE.

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

25 Sec. 47. Section 654.1, Code 1985, is amended to read as
26 follows:

27 654.1 EQUITABLE PROCEEDINGS.

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

31 Sec. 48. NEW SECTION. 654.16 ALTERNATIVE NONJUDICIAL
32 VOLUNTARY FORECLOSURE PROCEDURE.

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

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

3 b. The mortgagee shall accept the mortgagor's conveyance
4 and waive any rights to a deficiency or other claim against
5 the mortgagor arising from the mortgage.

6 c. The mortgagee shall have immediate access to the real
7 property for the purposes of maintaining and protecting the
8 property.

9 d. The mortgagor and mortgagee shall file a jointly
10 executed document with the county recorder in the county where
11 the real property is located stating that the mortgagor and
12 mortgagee have elected to follow the alternative voluntary
13 foreclosure procedures pursuant to this section.

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

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

28 "DISCLOSURE AND NOTICE OF CANCELLATION

29
30 (enter date of transaction)

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

1 right to reclaim or occupy your property.

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

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

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

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

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

24 _____ before midnight of _____.
25 (name of mortgagee) (enter proper date)

26 I HEREBY CANCEL THIS TRANSACTION.

27 _____
28 DATE SIGNATURE"

29 2. A junior lienholder may redeem the real property
30 pursuant to section 628.29. If a junior lienholder fails to
31 redeem its lien as provided in subsection 1, its lien shall be
32 removed from the property.

33 3. Until the completion of foreclosure pursuant to this
34 section, the mortgagee shall hold the real property subject to
35 liens of record at the time of the conveyance by the

1 mortgagor. However, the lien of the mortgagee shall remain
2 prior to liens which were junior to the mortgage at the time
3 of conveyance by the mortgagor to the mortgagee and may be
4 foreclosed as provided otherwise by law.

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

9 Sec. 49. It is the intent of the general assembly that the
10 Iowa finance authority shall not make any title guaranties
11 under the title guaranty program prior to January 1, 1987.

12 Sec. 50. Section 524.1103, Code 1985, is repealed.

13 Sec. 51. The Code editor may change any reference to the
14 "Iowa housing finance authority" or the "state housing finance
15 authority" remaining in the Code to the "Iowa finance
16 authority" or "state finance authority".

17 Sec. 52. The legislative council shall appoint an interim
18 study committee to review and study the desirability,
19 structure, and implementation of the title guaranty program
20 created in this Act. The committee shall report its findings
21 and recommendations, including any proposed legislation, to
22 the legislative council and the general assembly on or before
23 January 15, 1986.

24 Sec. 53. This Act, being deemed of immediate importance,
25 takes effect from and after its publication in the
26 Marshalltown Times-Republican, a newspaper published in
27 Marshalltown, Iowa, and in the Jasper County Tribune, a
28 newspaper published in Colfax, Iowa.

29 EXPLANATION

30 Sections 1 through 12 create a mechanism for the allocation
31 of the state ceiling for industrial revenue bonds and student
32 loan bonds among the governmental units of the state
33 authorized to issue them.

34 Sections 13, 15, 16, 20, 23, 27 through 35, 42, 44, and 51
35 change the name of the Iowa housing finance authority to Iowa

1 finance authority.

2 Section 14 provides for real estate broker's trust accounts
3 to be deposited in interest-bearing accounts with interest
4 money deposited in the title guaranty fund.

5 Section 17 changes the definition of small business for the
6 Iowa housing finance authority to include nonprofit
7 businesses.

8 Sections 18, 19, 21, 22, 26, 41, 43, and 49 provide for the
9 creation of a title guaranty division within the Iowa housing
10 finance authority to issue title guarantees on real estate
11 sold in Iowa. Title guarantees shall not be issued prior to
12 January 1, 1987.

13 Section 24 increases the limits on the amount of bonds and
14 notes the authority may have outstanding and on the amount of
15 bonds and notes that may be issued by the authority. The
16 limit is increased from \$650,000,000 to \$850,000,000.

17 Section 25 creates a commitment cost fund to be used to
18 cover the initial commitment costs of the Iowa housing finance
19 authority's bond issues and loans.

20 Section 34 permits life insurance companies or associations
21 to invest in bonds and obligations of the African Development
22 Bank.

23 Sections 36, 37, and 50 revise the limitations on dealings
24 between affiliates including merger of affiliates and the
25 handling of the resulting offices.

26 Section 38 relates to the number of offices permitted upon
27 the merger or transfer of assets of a state bank.

28 Sections 39 and 40 permit state chartered savings and loan
29 associations and savings banks to make certain investments in
30 subsidiaries or companies dealing in electronic funds
31 transfer.

32 Section 45 provides that an amendment to a financing
33 statement filed under the uniform commercial code is
34 sufficient when it is signed only by the secured party if it
35 is filed to show a change of the name of the secured party.

1 Sections 46 through 48 create an alternative nonjudicial
2 voluntary foreclosure procedure where the mortgagor and
3 mortgagee may agree to the mortgagor relinquishing all rights
4 to the property and the mortgagee agreeing to waive all
5 deficiency judgments on the mortgage.

6 Section 51 creates an interim study committee to study the
7 title guaranty program.

8 Section 52 provides for the Act to be effective upon
9 publication.

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S-4201

SENATE FILE 591

1 Amend Senate File 591 as follows:

- 2 1. By striking page 19, line 5 through page 21,
- 3 line 5.
- 4 2. By striking page 21, line 26 through page 22,
- 5 line 10.

S-4201 Filed May 2, 1985

By RIFE

W/D 5/2 (p. 1900)

S-4203

SENATE FILE 591

1 Amend Senate File 591 as follows:

- 2 1. Page 24, line 5, by inserting after the word
- 3 "party." the following: "An amendment showing only
- 4 a change of the name of the secured party shall be
- 5 filed without fee."

S-4203 Filed May 2, 1985

By COLEMAN & HOLDEN

Adopted 5/2/85 (p. 1900)

S-4206

SENATE FILE 591

1 Amend Senate File 591 as follows:

- 2 1. Page 27, by striking lines 17 through 23 and
- 3 inserting the following:
- 4 "Sec. ____ . The legislative council shall establish
- 5 a joint interim committee of the senate and of the
- 6 house to study the necessity and desirability of
- 7 initiating a title guarantee program as passed by the
- 8 house on March 28, 1985 or the establishment or
- 9 authorization of other title guarantee or insurance
- 10 programs. The committee shall report its findings and
- 11 recommendations, including any proposed legislation,
- 12 to the general assembly by January 15, 1986."

S-4206 Filed May 2, 1985

By HOLDEN

Adopted 5/2 (p. 1903)

S-4207

SENATE FILE 591

1 Amend Senate File 591 as follows:

- 2 1. By striking page 19, line 22 through page 21,
- 3 line 25.
- 4 2. Title page 1, by striking line 21 and
- 5 inserting the following: "of merged and acquired
- 6 banks, by".
- 7 3. Renumber as necessary.

S-4207 Filed May 2, 1985

By RIFE

Done 5/2 (p. 1903)

(AS AMENDED AND PASSED BY THE SENATE MAY 2, 1985)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the economy of the state by amending the
 2 definition of small business for purposes of the Iowa
 3 housing finance authority's program for which bonds may
 4 be issued, by increasing the limits on the amount of
 5 bonds and notes of the Iowa housing finance authority
 6 that may be outstanding or used for certain programs,
 7 by changing the name of the Iowa housing finance authority,
 8 by providing for allocation of the state ceiling on private
 9 activity bonds for tax exempt purposes, by requiring that
 10 real estate brokers' trust accounts be deposited in in-
 11 terest-bearing accounts and the interest transferred
 12 quarterly to the treasurer of state deposited in the title
 13 guaranty fund, by permitting life insurance companies and
 14 associations to invest in bonds of the African development
 15 bank, by providing that the Iowa housing finance authority
 16 initiate a self-sustaining title guarantee program for
 17 titles of real property, by creating a commitment costs
 18 fund, creating a title guaranty fund, by providing for
 19 conditions and restrictions on loans and dealings between
 20 state banks and affiliates, by providing for the reorganization
 21 of bank affiliates and merging or acquiring banks, by
 22 providing for certain investment powers of state-chartered
 23 savings and loan associations and savings bank, by revising
 24 the requirements of amendments to a uniform commercial
 25 code financing statement, by providing for an alternative

1 nonjudicial voluntary foreclosure procedure including
2 providing for redemption periods of lienholders under the
3 procedure, permitting the charging of fees incurred under
4 the title guaranty program, requiring the disclosure of
5 the availability of the title guaranty program and making
6 penalties applicable, providing for an effective date,
7 establishing an interim study committee, and providing for
8 the repeal of portions of the Act.

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

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————— = New Language
by the Senate

1 Section 1. NEW SECTION. 7C.1 SHORT TITLE.

2 This chapter shall be known and may be cited as the
3 "Private Activity Bond Allocation Act."

4 Sec. 2. NEW SECTION. 7C.2 DECLARATION OF INTENT.

5 It is the intention of the general assembly in enacting
6 this chapter to:

7 1. Implement Act section 621 of the Deficit Reduction Act
8 of 1984, Pub. L. No. 98-369, by providing a different formula
9 for allocating the state ceiling among the various
10 governmental units which are authorized to issue private
11 activity bonds under the laws of this state.

12 2. Maximize the availability of the state ceiling to the
13 issuers of private activity bonds within the state and thereby
14 maximize the economic benefit to the citizens of the state
15 from the issuance of private activity bonds.

16 Sec. 3. NEW SECTION. 7C.3 DEFINITIONS.

17 For the purposes of this chapter, unless the context
18 otherwise requires:

19 1. "Internal Revenue Code of 1954" means the Internal
20 Revenue Code of 1954 as has been and may from time to time be
21 amended.

22 2. "State ceiling" means the same as defined in section
23 103(n) of the Internal Revenue Code of 1954.

24 3. "Bond" or "private activity bond" means a private
25 activity bond as defined in section 103(n) of the Internal
26 Revenue Code of 1954.

27 4. "Issuer" means a city or county within the state or a
28 not-for-profit corporation, agency, authority or other entity
29 acting on behalf of a city, county, or the state which is
30 authorized under the laws of the state to issue private
31 activity bonds.

32 5. "Carryforward project" means carryforward project as
33 defined in section 103(n) of the Internal Revenue Code of
34 1954.

35 6. "Allocation" means that portion of the state ceiling

1 which is allocated and certified to an issuer by the
2 governor's designee pursuant to section 7C.7 with respect to
3 an issue of bonds for a specific project or purpose.

4 7. "Governor's designee" means the person, agency, or
5 authority designated by the governor to administer this
6 chapter.

7 Sec. 4. NEW SECTION. 7C.4 MAXIMUM AMOUNT OF BONDS.

8 The aggregate principal amount of bonds which may be issued
9 by all issuers during a calendar year shall not exceed the
10 state ceiling for that calendar year, except as provided in
11 section 7C.8.

12 Sec. 5. NEW SECTION. 7C.5 FORMULA FOR ALLOCATION.

13 The state ceiling shall be allocated among all issuers on
14 the basis of the chronological order of receipt by the
15 governor's designee of the applications described in section
16 7C.6.

17 Sec. 6. NEW SECTION. 7C.6 APPLICATION FOR ALLOCATION.

18 An issuer which proposes to issue bonds for a particular
19 project or purpose must make an application, which application
20 may be made by the beneficiary of the project or purpose or by
21 a person acting on behalf of the beneficiary, for an
22 allocation of a portion of the state ceiling, prior to the
23 issuance of the bonds, by submitting an application to the
24 governor's designee, in the form prescribed by the governor's
25 designee, which contains, where appropriate, the following
26 information:

27 1. Name and mailing address of the issuer.

28 2. Name of the chief elected executive officer of the is-
29 suer.

30 3. Name or description and location by mailing address or
31 other definitive description of the project for which the
32 allocation is requested.

33 4. Name and mailing address of both the initial owner,
34 beneficiary, or operator of the project and an appropriate
35 person from whom information regarding the project or purpose

1 can be obtained.

2 5. Date of adoption by the governing body of the issuer of
3 an inducement or other preliminary resolution for the purpose
4 of taking "official action" as required by the United States
5 treasury regulations promulgated under section 103 of the
6 Internal Revenue Code of 1954, if the bonds require the taking
7 of "official action" under the Internal Revenue Code of 1954.

8 6. Amount of the state ceiling which the issuer is
9 requesting be allocated to the bonds.

10 7. Other information which the governor's designee deems
11 reasonably required to carry out the purposes of this chapter.

12 Sec. 7. NEW SECTION. 7C.7 CERTIFICATION OF ALLOCATION.

13 Upon the receipt of a completed application, the governor's
14 designee shall promptly certify to the issuer the amount of
15 the state ceiling allocated to the bonds for the purpose or
16 project with respect to which the application was submitted.
17 The allocation shall remain valid for ninety days from the
18 date the allocation is certified, subject to the following
19 conditions:

20 1. If the bonds are issued and delivered for the purpose
21 or project within the ninety-day period, the issuer or the
22 issuer's attorney shall within ten days following the issuance
23 and delivery of the bonds notify the governor's designee, in
24 such form or manner as the governor's designee may prescribe,
25 of the date of issuance and the delivery of the bonds, and the
26 actual principal amount of bonds issued and delivered. If the
27 actual principal amount of bonds issued and delivered is less
28 than the amount of the allocation, the amount of the
29 allocation is automatically reduced to the actual principal
30 amount of the bonds issued and delivered.

31 2. If the issuer does not reasonably expect to issue and
32 deliver the bonds within the ninety-day period and evidence of
33 an executed, valid and binding agreement to purchase the bonds
34 is obtained from an entity with the legal ability to purchase
35 and this agreement is filed with the governor's designee, the

1 ninety-day allocation period is automatically extended for an
2 additional thirty days. The allocation period shall not be
3 extended beyond that additional thirty days.

4 3. The allocation is no longer valid after December 31 of
5 the calendar year in which it is certified, except as provided
6 in section 7C.8.

7 Sec. 8. NEW SECTION. 7C.8 STATE CEILING CARRYFORWARDS.

8 It is the intention of the general assembly that the
9 maximum use be made of all carryforward provisions in section
10 103(n) of the Internal Revenue Code of 1954. Therefore, if
11 the aggregate principal amount of bonds issued by all issuers
12 in a calendar year is less than the state ceiling for that
13 calendar year, an issuer may apply to the governor's designee
14 for an allocation of a specified portion of the excess state
15 ceiling to be applied to a specified carryforward project.
16 The governor's designee shall determine the time and manner in
17 which applications for an allocation of excess state ceiling
18 shall be made. However, the procedures for applications shall
19 comply with the carryforward provisions of section 103(n) of
20 the Internal Revenue Code of 1954 and regulations promulgated
21 under that section.

22 Sec. 9. NEW SECTION. 7C.9 NONBUSINESS DAYS.

23 If the expiration date of either the ninety-day period or
24 the thirty-day extension period described in subsection 1 or 2
25 of section 7C.7 is a Saturday, Sunday or any day on which the
26 offices of the state, banking institutions or savings and loan
27 associations in the state are authorized or required to close,
28 the expiration date is extended to the first day thereafter
29 which is not a Saturday, Sunday or other previously described
30 day.

31 Sec. 10. NEW SECTION. 7C.10 RESUBMISSION OF EXPIRED AL-
32 LOCATIONS.

33 If an allocation becomes no longer valid as provided in
34 section 7C.7, the issuer may resubmit its application for the
35 same project or purpose. The resubmitted application shall be

1 treated as a new application and preference, priority, or
2 prejudice shall not be given to the application or the issuer
3 as a result of the prior application.

4 Sec. 11. NEW SECTION. 7C.11 PRIORITY ALLOCATIONS.

5 The governor's designee shall give priority in the
6 allocation of the state ceiling to a project for which there
7 was an inducement resolution or other comparable preliminary
8 approval by an issuer before October 19, 1983, and which
9 otherwise qualifies for priority under Act section 631(a)(3)
10 of the Deficit Reduction Act of 1984, Pub. L. No. 98-369.

11 Sec. 12. NEW SECTION. 7C.12 AUTHORITY AND DUTIES OF THE
12 GOVERNOR AND GOVERNOR'S DESIGNEE.

13 The governor shall designate a person, agency, or authority
14 to administer this chapter. The person, agency, or authority
15 so designated shall serve at the pleasure of the governor and
16 shall be selected primarily for administrative ability and
17 knowledge in the area of public finance.

18 In addition to the powers and duties specified in sections
19 7C.1 to 7C.11, the governor's designee:

20 1. Shall promulgate reasonable rules which are necessary
21 or expedient to carry out the intent and purposes of the
22 private activity bond allocation Act.

23 2. Shall maintain appropriate records of all applications
24 filed by issuers pursuant to section 7C.6 and all bonds issued
25 pursuant to these applications including, but not limited to,
26 a daily accounting of the amount of the state ceiling
27 available for allocation and the amount of the state ceiling
28 which has been allocated but not used.

29 Sec. 13. Section 12.10, Code 1985, is amended to read as
30 follows:

31 12.10 DEPOSITS BY STATE OFFICERS.

32 Except as otherwise provided, all elective and appointive
33 state officers, boards, commissions, and departments shall,
34 within ten days succeeding the collection, deposit with the
35 treasurer of state, or to the credit of the treasurer of state

1 in any depository designated by the treasurer of state, ninety
2 percent of all fees, commissions, and moneys collected or
3 received. The balance actually collected in cash, remaining
4 in the hands of any officer, board, or department shall not
5 exceed the sum of five thousand dollars and money collected
6 shall not be held more than thirty days. This section does
7 not apply to the state fair board, the state board of regents,
8 the Iowa state commerce commission, the commissioner of the
9 department of human services, the Iowa housing finance
10 authority or to the funds received by the state racing
11 commission under sections 99D.7 and 99D.14.

12 Sec. 14. Section 117.46, subsection 1, Code 1985, is
13 amended to read as follows:

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

30 Sec. 15. Section 175.3, subsection 2, Code 1985, is
31 amended to read as follows:

32 2. The appointed members of the authority shall be
33 appointed by the governor for terms of six years except that,
34 of the first appointments, three members shall be appointed
35 for terms of two years and three members shall be appointed

1 for a-term terms of four years. A person appointed to fill a
2 vacancy shall serve only for the unexpired portion of the
3 term. A member is eligible for reappointment. An appointed
4 member of the authority may be removed from office by the
5 governor for misfeasance, malfeasance or willful neglect of
6 duty or other just cause, after notice and hearing, unless the
7 notice and hearing is expressly waived in writing. An
8 appointed member of the authority may also serve as a member
9 of the Iowa housing finance authority.

10 Sec. 16. Section 220.1, subsection 1, Code 1985, is
11 amended to read as follows:

12 1. "Authority" means the Iowa housing finance authority
13 established in section 220.2.

14 Sec. 17. Section 220.1, subsection 28, unnumbered
15 paragraph 1, Code 1985, is amended to read as follows:

16 "Small business" means a profit or nonprofit business
17 entity-organized-for-profit, including but not limited to an
18 individual, partnership, corporation, joint venture,
19 association or cooperative, to which the following apply:

20 Sec. 18. Section 220.1, Code 1985, is amended by adding
21 the following new subsections:

22 NEW SUBSECTION. 34. "Title Guaranty" means a guaranty
23 against loss or damage caused by defective title to real
24 property.

25 NEW SUBSECTION. 35. "Division" means the title guaranty
26 division.

27 Sec. 19. Section 220.2, subsection 1, Code 1985, is
28 amended by striking the subsection and inserting the
29 following:

30 1. The Iowa finance authority is established, and
31 constituted a public instrumentality and agency of the state
32 exercising public and essential governmental functions, to
33 undertake programs which assist in attainment of adequate
34 housing for low or moderate income families, elderly families,
35 and families which include one or more persons who are

1 handicapped or disabled, and to undertake the Iowa
2 homesteading program and the small business loan program. The
3 powers of the authority are vested in and shall be exercised
4 by a board of nine members appointed by the governor subject
5 to confirmation by the senate. No more than five members
6 shall belong to the same political party. As far as possible
7 the governor shall include within the membership persons who
8 represent community and housing development industries,
9 housing finance industries, the real estate sales industry,
10 elderly families, minorities, lower income families, very low
11 income families, handicapped and disabled families, average
12 taxpayers, local government, and any other person specially
13 interested in community housing.

14 A title guaranty division is created within the authority.
15 The powers of the division as relating to the issuance of
16 title guaranties shall be vested in and exercised by a
17 division board of six members appointed by the governor
18 subject to confirmation by the senate. The governor's
19 appointees shall include an attorney, an abstractor, a real
20 estate broker, a representative of a mortgage-lender and a
21 representative of the housing development industry. The other
22 member of the board shall be the commissioner of insurance or
23 the designee of the commissioner. The executive director of
24 the authority shall appoint a director of the title guaranty
25 division who shall be an attorney and shall serve as an ex
26 officio member of the board. The appointment of and
27 compensation for the division director shall be exempt from
28 the provisions of chapter 19A.

29 a. Members of the board of the division shall be appointed
30 by the governor for staggered terms of six years beginning and
31 ending as provided in section 69.19. A person shall not serve
32 on the division board while serving on the authority board. A
33 person appointed to fill a vacancy shall serve only for the
34 unexpired portion of the term. A member is eligible for
35 reappointment. A member of the division board may be removed

1 from office by the governor for misfeasance, malfeasance or
2 willful neglect of duty or for other just cause, after notice
3 and hearing, unless notice and hearing is expressly waived in
4 writing.

5 b. Four members of the board shall constitute a quorum.
6 An affirmative vote of a majority of the appointed members is
7 necessary for any substantive action taken by the division.

8 c. Appointed members of the board are entitled to receive
9 forty dollars per diem for each day spent in performance of
10 duties as members and shall be reimbursed for all actual and
11 necessary expenses incurred in the performance of duties as
12 members.

13 d. Members of the board and the director shall give bond
14 as required for public officers in chapter 64.

15 e. Meetings of the board shall be held at the call of the
16 chair of the board or on written request of two members.

17 f. Members shall elect a chair and vice chair annually and
18 other officers as they determine. The director shall serve as
19 secretary to the board.

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

25 Sec. 20. Section 220.3, subsection 10, Code 1985, is
26 amended to read as follows:

27 10. It is necessary to create a state housing finance
28 authority to encourage the investment of private capital and
29 stimulate the construction and rehabilitation of adequate
30 housing through the use of public financing.

31 Sec. 21. Section 220.3, Code 1985, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 14. The abstract-attorney's title opinion
34 system promotes land title stability for determining the
35 marketability of land titles and is a public purpose. A

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

8 Sec. 22. Section 220.5, Code 1985, is amended by adding
9 the following new subsection:

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

15 Sec. 23. Section 220.6, subsection 4, unnumbered paragraph
16 1, Code 1985, is amended to read as follows:

17 The director of the Iowa-housing-finance authority shall
18 report to the Iowa general assembly in February of 1980, an
19 analysis of the nature and status of the disclosure reports
20 filed pursuant to section 535A.4.

21 Sec. 24. Section 220.26, subsection 1, Code 1985, is
22 amended to read as follows:

23 1. The authority may issue its negotiable bonds and notes
24 in principal amounts as, in the opinion of the authority, are
25 necessary to provide sufficient funds for achievement of its
26 corporate purposes, the payment of interest on its bonds and
27 notes, the establishment of reserves to secure its bonds and
28 notes, and all other expenditures of the authority incident to
29 and necessary or convenient to carry out its purposes and
30 powers. However, the authority shall not have a total
31 principal amount of bonds and notes outstanding at any time in
32 excess of six eight hundred fifty million dollars plus a total
33 of fifty million dollars for property improvement loans to
34 finance solar and other renewable energy systems in housing as
35 authorized by section 220.37 and to finance loans to provide

1 solar and other renewable energy systems for and to increase
2 the energy efficiency of small businesses under the Iowa small
3 business loan program. ~~Two-hundred-fifty-million-dollars-of~~
4 the The total principal amount of bonds and notes that may be
5 issued pursuant to the small business loan program shall be
6 set by the authority and the principal amount of these bonds
7 and notes that are outstanding shall not be counted as a
8 portion of the total principal amount of bonds and notes of
9 the authority that may be outstanding at any time as provided
10 in this subsection. The bonds and notes shall be deemed to be
11 investment securities and negotiable instruments within the
12 meaning of and for all purposes of the uniform commercial
13 code.

14 Sec. 25. NEW SECTION. 220.40 COMMITMENT COSTS FUND.

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

23 Sec. 26. NEW SECTION. 220.91 TITLE GUARANTY PROGRAM.

24 1. The authority through the title guaranty division shall
25 initiate and operate a program in which the division shall
26 offer guaranties of real property titles in this state. The
27 terms, conditions and form of the guaranty contract shall be
28 forms approved by the division board. The division shall fix
29 a charge for the guaranty in an amount sufficient to permit
30 the program to operate on a self-sustaining basis, including
31 payment of administrative costs and the maintenance of an
32 adequate reserve against claims under the title guaranty
33 program. A title guaranty fund is created in the office of
34 the treasurer of state. Funds collected under this program
35 shall be placed in the title guaranty fund and are available

1 to pay all claims, necessary reserves and all administrative
2 costs of the title guaranty program. Moneys in the fund shall
3 not revert to the general fund and interest on the moneys in
4 the fund shall be retained as a part of the fund and shall not
5 accrue to the general fund. If the authority board in
6 consultation with the division board determines that there are
7 surplus funds in the title guaranty fund after providing for
8 adequate reserves and operating expenses of the division, the
9 surplus funds shall be transferred to the commitment costs
10 fund created pursuant to section 220.40.

11 2. A title guaranty issued under this program is an
12 obligation of the division only and claims are payable solely
13 and only out of the moneys, assets and revenues of the title
14 guaranty fund and are not an indebtedness or liability of the
15 state. The state is not liable on the guaranties.

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

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

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

1 the rights of the claimant against all persons relating to the
2 claim.

3 6. Prior to the issuance of a title guaranty, the division
4 shall require evidence that an abstract of title to the
5 property in question has been brought up-to-date and certified
6 by a participating abstractor in a form approved by division
7 rules and a title opinion issued by a participating attorney
8 in the form approved in the rules stating the attorney's
9 opinion as to the title. The division shall require evidence
10 of the abstract being brought up-to-date and the abstractor
11 shall retain evidence of the abstract as determined by the
12 board.

13 7. The attorney rendering a title opinion shall be
14 authorized to issue a title guaranty certificate subject to
15 the rules of the authority. A person or mortgage lender
16 participating in the title guaranty program shall not charge
17 or receive any portion of the charge for the guaranty as a
18 result of their participation in the title guaranty program.

19 8. A participating mortgage lender shall notify the
20 division when the mortgage covered by a title guaranty has
21 been satisfied of record.

22 9. The authority shall adopt rules pursuant to chapter 17A
23 that are necessary for the implementation of the title
24 guaranty program as established by the division and that have
25 been approved by the authority.

26 Sec. 27. Section 403A.3, subsection 10, Code 1985, is
27 amended to read as follows:

28 10. To co-operate with the Iowa housing finance authority,
29 to participate in any of its programs, to use any of the funds
30 available to the municipality for the uses of this chapter to
31 contribute to such the programs in which it participates, and
32 to comply with ~~the provisions of~~ sections 220.1 to 220.36 and
33 the rules of the Iowa housing finance authority promulgated
34 thereunder adopted under this chapter.

35 Sec. 28. Section 446.7, unnumbered paragraph 2, Code 1985,

1 is amended to read as follows:

2 Property of municipal and political subdivisions of the
3 state of Iowa and property held by a city or county agency or
4 the Iowa housing finance authority for use in an Iowa
5 homesteading project, shall not be offered or sold at tax sale
6 and a tax sale of that property is void from its inception.
7 When delinquent taxes are owing against property owned or
8 claimed by a municipal or political subdivision of ~~the state~~
9 of Iowa, or property held by a city or county agency or the
10 Iowa housing finance authority for use in an Iowa homesteading
11 project, the treasurer shall give notice to the governing body
12 of the agency, subdivision or authority which shall then pay
13 the amount of the due and delinquent taxes. If the governing
14 body fails to pay the taxes, the board of supervisors shall
15 abate the taxes as provided in chapters 427 and 445 and
16 section 569.8.

17 Sec. 29. Section 446.39, Code 1985, is amended to read as
18 follows:

19 446.39 IOWA HOUSING FINANCE AUTHORITY STATEMENT.

20 A city or county, a city or county agency as authorized by
21 the Iowa housing finance authority, or the Iowa housing
22 finance authority may file with the treasurer a verified
23 statement that a parcel of property to be sold at tax sale is
24 abandoned and deteriorating in condition, or is inhabited but
25 is not safe for human habitation, or is or is likely to become
26 a public nuisance, and that the property is suitable for use
27 and is to be used in an Iowa homesteading project under
28 section 220.14. Other information may be included. Upon
29 proper filing of the statement, and if the property is offered
30 at any a tax sale and no a bid is not received, or if the bid
31 received is less than the total amount of the delinquent
32 general taxes, interest, penalties and costs, or if the
33 property is to be transferred to the county under section
34 446.38, the city, county, city or county agency, or Iowa
35 housing finance authority may bid for the property for use in

1 an Iowa homesteading project, bidding a sum equal to the total
2 amount of all delinquent general taxes, interest, penalties
3 and costs charged against the property. Each of the tax-
4 levying and tax-certifying bodies having an interest in the
5 taxes for which the property is sold shall be charged with the
6 full amount of all delinquent taxes due to it, as its share of
7 the purchase price.

8 Sec. 30. Section 447.9, Code 1985, is amended to read as
9 follows:

10 447.9 NOTICE OF EXPIRATION OF RIGHT OF REDEMPTION.

11 After two years and nine months from the date of sale, or
12 after nine months from the date of a sale made under the
13 provisions of section 446.18, 446.38 or 446.39, the holder of
14 the certificate of purchase may cause to be served upon the
15 person in possession of the real estate, and also upon the
16 person in whose name the real estate is taxed, if the person
17 resides in the county where the land is situated, in the
18 manner provided for the service of original notices, a notice
19 signed by the certificate holder or the certificate holder's
20 agent or attorney, stating the date of sale, the description
21 of the property sold, the name of the purchaser, and that the
22 right of redemption will expire and a deed for the land be
23 made unless redemption is made within ninety days from the
24 completed service of the notice. When the notice is given by
25 a county as a holder of a certificate of purchase the notice
26 shall be signed by the county treasurer, and when given by a
27 city, it shall be signed by the city officer designated by
28 resolution of the council. When the notice is given by the
29 Iowa housing finance authority or a city or county agency
30 holding the property as part of an Iowa homesteading project,
31 it shall be signed on behalf of the agency or authority by one
32 of its officers, as authorized in rules of the agency or
33 authority. Service of the notice shall also be made by
34 certified mail on any mortgagee or assignee of record, whether
35 resident or nonresident of the county, if the mortgagee's or

1 assignee's address is disclosed by the recorded instrument or
2 by a certificate showing the address of the mortgagee or
3 assignee duly filed with the recorder, or the state of Iowa in
4 case of an old-age assistance lien by service upon the state
5 department of human services. The notice shall also be served
6 on any the city where the real estate is situated.

7 Sec. 31. Section 447.12, Code 1985, is amended to read as
8 follows:

9 447.12 WHEN SERVICE DEEMED COMPLETE -- PRESUMPTION.

10 Service is complete only after an affidavit has been filed
11 with the treasurer, showing the making of the service, the
12 manner of service, the time when and place where made, and
13 under whose direction the service was made. The affidavit
14 shall be made by the holder of the certificate or by the
15 holder's agent or attorney, and in either of the latter cases
16 stating that the affiant is the agent or attorney, of the
17 holder of the certificate. The affidavit shall be filed by
18 the treasurer and entered upon the sale book opposite the
19 entry of the sale, and the record or affidavit is presumptive
20 evidence of the completed service of the notice. The right of
21 redemption ~~shall~~ does not expire until ninety days after
22 service is complete. When the property is held by a city or
23 county, a city or county agency, or the Iowa housing finance
24 authority, for use in an Iowa homesteading project, whether or
25 not the property is the subject of a conditional conveyance
26 granted under the project, the affidavit shall be made by the
27 treasurer of the county, a city officer designated by
28 resolution of the council, or on behalf of the agency or
29 authority, by one of its officers as authorized in rules of
30 the agency or authority.

31 Sec. 32. Section 447.13, Code 1985, is amended to read as
32 follows:

33 447.13 COST -- FEE -- REPORT.

34 The cost of serving the notice and affidavit of publication
35 shall be added to the amount necessary to redeem. The fee for

1 serving the notice shall-be is the same as for service of an
2 original notice, including copy fee and mileage. The
3 treasurer shall file the proof of service and statement of
4 costs and enter it on the sale book against the proper tract
5 of real estate. The holder of the certificate of sale or the
6 holder's agent may report in writing to the county treasurer
7 the amount of costs incurred in giving the notice, and the
8 treasurer shall enter it in the sale book. A redemption is
9 not complete until the costs are paid. If the property is
10 held by a city or county, a city or county agency, or the Iowa
11 housing finance authority, for use in an Iowa homesteading
12 project, whether or not the property is the subject of a
13 conditional conveyance granted under the project, the costs
14 incurred for repairs and rehabilitation work required and
15 undertaken in order to make the property meet applicable
16 building or housing code standards shall be added to the
17 amount necessary to redeem, and a redemption is not complete
18 until the costs are paid.

19 Sec. 33. Section 472.53, Code 1985, is amended to read as
20 follows:

21 472.53 PROCEDURE FOR HOMESTEADING PROJECTS.

22 If the purpose of condemnation is to obtain property for
23 use as part of an Iowa homesteading project under section
24 220.14, the application required under section 472.3 may
25 contain a verified statement that the property sought to be
26 condemned is abandoned and deteriorating in condition, or is
27 inhabited but is not safe for human habitation, or is or is
28 likely to become a public nuisance, and that the property is
29 suitable for use and is to be used in an Iowa homesteading
30 project. Other information may be included. The statement
31 must be verified by the Iowa housing finance authority or by a
32 local agency authorized under rules of the authority. Upon
33 proper filing of the statement and the report of the
34 condemnation commission assessing damages, and deposit of the
35 amount assessed with the sheriff, the applicant for

1 condemnation may take possession as provided in section 472.25
2 if the property is abandoned, or may take steps to obtain
3 possession after ninety days from the date of the filing of
4 the statement, report, and deposit, if the property is
5 inhabited.

6 Sec. 34. Section 511.8, subsection 4, Code 1985, is
7 amended to read as follows:

8 4. INTERNATIONAL BANK BONDS. Bonds or other evidence of
9 indebtedness issued, assumed or guaranteed by the
10 International Bank for reconstruction and development, in an
11 amount not to exceed two percent of its total assets as shown
12 by the last annual report, or by the Inter-American
13 Development Bank in an amount not to exceed two percent of its
14 total assets as shown by the last annual report, or by the
15 Asian Development Bank in an amount not to exceed two percent
16 of its total assets as shown by the last annual report or by
17 the African Development Bank in an amount not to exceed two
18 percent of its total assets as shown by the last annual
19 report. However, the combined investment in bonds or
20 evidences of indebtedness permitted by this subsection shall
21 not exceed four percent of its total assets as shown by the
22 last annual report.

23 Sec. 35. Section 524.901, subsection 2, paragraphs a and
24 g, Code 1985, are amended to read as follows:

25 a. The total amount of the bonds or securities of any one
26 issuer or obligor, other than revenue or improvement bonds
27 issued by a municipality, the Iowa housing finance authority,
28 or the Iowa family farm development authority and subjected to
29 separate investment limits under paragraphs "b", "c", "d",
30 "f", or "g" ~~of this subsection~~, shall not exceed twenty
31 percent of the capital and surplus of the state bank.

32 g. The total amount of bonds or notes issued by the Iowa
33 housing finance authority pursuant to chapter 220 which have
34 been issued on behalf of any one small business as defined in
35 section 220.1, subsection 28, or any one group home referred

1 to in section 220.1, subsection 11, paragraph "a," and the
2 proceeds of which have been loaned to that small business or
3 group home shall not exceed twenty percent of the capital and
4 surplus of the bank.

5 Sec. 36. Section 524.1102, Code 1985, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 524.1102 LOANS AND DEALINGS WITH AFFILIATES.

9 1. Section 23A of the Federal Reserve Act, 12 U.S.C. §
10 371(c), as amended to and including January 1, 1985, and the
11 regulations adopted by and interpretations issued by the
12 federal reserve board issued pursuant to that section in
13 effect on January 1, 1985 relating to loans and other dealings
14 between member banks and their affiliates, apply to a state
15 bank not a member of the federal reserve system in the same
16 manner and to the same extent as if the nonmember state bank
17 were a member bank, including the definitions of capital and
18 surplus. A company which would be an affiliate of a nonmember
19 state bank for the purposes of section 23A if the bank were a
20 member bank is deemed to be an affiliate of the nonmember
21 state bank.

22 2. Notwithstanding any other provision of this chapter,
23 the resulting bank of a merger or consolidation of two or more
24 banks, which have been affiliates as defined in section
25 524.1101 for more than five years prior to the effective date
26 of the merger or consolidation, may retain and operate as its
27 retained bank offices the principal places of business and all
28 bank offices of the affiliate banks which are merged or
29 consolidated into the resulting bank.

30 3. The resulting bank may establish bank offices allowed
31 by other sections of this chapter to the same extent as if the
32 merger or consolidation had not occurred.

33 4. This section does not permit the resulting bank to
34 establish after the effective date of the merger or
35 consolidation any bank offices in addition to those allowed to

1 the resulting bank by other sections of this chapter.
2 However, the resulting bank may establish and operate
3 facilities which in the absence of the merger or consolidation
4 would be considered under section 524.1202, subsection 2,
5 paragraphs "c" and "d", to be an integral part of the former
6 principal places of business of the affiliates which are
7 merged or consolidated into the resulting bank.

8 5. Retained bank offices as provided in subsection 2 shall
9 be operated by the resulting bank in the same manner as bank
10 offices established under section 524.1201. The banks which
11 are merged or consolidated under this section shall retain an
12 advisory board of directors to advise on the operations of the
13 retained bank office. The board shall be comprised of
14 citizens residing in the area served by the bank office.

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

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

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

1 parties to the merger or consolidation, and does not authorize
2 a greater number of bank offices within the municipality or
3 urban complex of the principal place of business of the
4 resulting bank than is expressly permitted by section
5 524.1202, subsection 2.

6 Sec. 37. Section 524.1202, subsection 1, Code 1985, is
7 amended to read as follows:

8 1. Except as otherwise provided in subsection 2 of this
9 section or section 524.1102, no a state bank shall not
10 establish a bank office outside the corporate limits of a
11 municipal corporation or in a municipal corporation in which
12 there is already an established state or national bank or
13 office; however. However, the subsequent chartering and
14 establishment of any a state or national bank, through the
15 opening of its principal place of business within the
16 municipal corporation where the bank office is located, shall
17 not affect the right of the bank office to continue in
18 operation in that municipal corporation. The existence and
19 continuing operation of a bank office shall not be affected by
20 the subsequent discontinuance of a municipal corporation
21 pursuant to ~~the provisions of~~ sections 368.11 to 368.22. A
22 bank office existing and operating on July 1, 1976, which is
23 not located within the confines of a municipal corporation,
24 shall be allowed to continue its existence and operation
25 without regard to this subsection.

26 Sec. 38. Section 524.1202, Code 1985, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 3. Notwithstanding subsection 1, if the
29 assets of a state or national bank in existence on January 1,
30 1985 are transferred to a different state or national bank
31 located in this state, the resulting or acquiring bank may
32 convert to and operate as its bank office any one or more of
33 the business locations occupied as the principal place of
34 business or as a bank office of the bank whose assets are so
35 acquired. The limitations on bank office locations contained

1 in unnumbered paragraph 1 of this section, and the limitation
2 on the number of bank offices within the municipality or urban
3 complex of the resulting or acquiring bank contained in
4 subsection 2 shall be applicable to any bank office otherwise
5 authorized by this subsection. A bank office established
6 under the authority of this subsection is subject to the
7 approval of the superintendent, shall be operated in
8 accordance with this chapter relating to the operation of bank
9 offices, and may be augmented by an integral facility when
10 approved under subsection 2, paragraph "d".

11 Sec. 39. Section 534.213, subsection 1, Code 1985, is
12 amended by adding the following new lettered paragraphs:

13 NEW LETTERED PARAGRAPH. 1. 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 finance subsidiaries and
17 may exercise powers with respect to finance subsidiaries to
18 the same extent as a federal association is permitted under
19 the Home Owners' Loan Act of 1933, 12 U.S.C. § 1464, and
20 regulations adopted thereunder by the federal home loan bank
21 board. Investments authorized by this subsection shall not be
22 counted in applying the limitations on investments in service
23 corporations in paragraph "j".

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

33 Sec. 40. Section 534.213, subsection 3, Code 1985, is
34 amended to read as follows:

35 3. Investment in EFT organizations. Subject to the prior

1 approval of the supervisor, in shares in a corporation engaged
2 solely in providing and operating facilities through which an
3 association and its members may engage, by means of either the
4 direct transmission of electronic impulses to and from the
5 association or the recording of electronic impulses or other
6 indicia of a transaction for delayed transmission to the
7 association, in transactions in which such the association is
8 otherwise permitted to engage pursuant to applicable law.

9 Sec. 41. Section 535.8, subsection 2, paragraph b, Code
10 1985, is amended by adding the following new subparagraph:

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

13 Sec. 42. Section 535A.4, Code 1985, is amended to read as
14 follows:

15 535A.4 DISCLOSURE.

16 Each reporting financial institution shall file a copy of
17 its mortgage loan disclosure statement with the Iowa housing
18 finance authority by March 31 following the calendar year
19 covered by the mortgage loan disclosure statement. The filing
20 satisfies all reporting requirements under this chapter. The
21 maintenance of records sufficient to prepare this report
22 satisfies the recordkeeping requirements of this chapter.

23 Sec. 43. NEW SECTION. 535A.9 TITLE GUARANTY PROGRAM
24 DISCLOSED.

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

30 Sec. 44. Section 537.1301, subsection 14, paragraph b,
31 subparagraph (3), Code 1985, is amended to read as follows:

32 (3) A loan financed by the Iowa housing finance authority
33 and secured by a lien on land.

34 Sec. 45. Section 554.9402, subsection 4, Code 1985, is
35 amended to read as follows:

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

14 Sec. 46. NEW SECTION. 628.29 REDEMPTION BY CREDITOR
15 PURSUANT TO ALTERNATIVE FORECLOSURE.

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

27 Sec. 47. Section 654.1, Code 1985, is amended to read as
28 follows:

29 654.1 EQUITABLE PROCEEDINGS.

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

33 Sec. 48. NEW SECTION. 654.16 ALTERNATIVE NONJUDICIAL
34 VOLUNTARY FORECLOSURE PROCEDURE.

35 1. Upon the mutual written agreement of the mortgagor and

1 mortgagee, a real estate mortgage may be foreclosed pursuant
2 to this section by doing all of the following:

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

5 b. The mortgagee shall accept the mortgagor's conveyance
6 and waive any rights to a deficiency or other claim against
7 the mortgagor arising from the mortgage.

8 c. The mortgagee shall have immediate access to the real
9 property for the purposes of maintaining and protecting the
10 property.

11 d. The mortgagor and mortgagee shall file a jointly
12 executed document with the county recorder in the county where
13 the real property is located stating that the mortgagor and
14 mortgagee have elected to follow the alternative voluntary
15 foreclosure procedures pursuant to this section.

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

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

30 "DISCLOSURE AND NOTICE OF CANCELLATION

31
32 (enter date of transaction)

33 Under a forced foreclosure Iowa law requires that you have
34 the right to reclaim your property within one year of the date
35 of the foreclosure and that you may continue to occupy your

1 property during that time. If you agree to a voluntary
2 foreclosure under this procedure you will be giving up your
3 right to reclaim or occupy your property.

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

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

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

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

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

26 _____ before midnight of _____.

27 (name of mortgagee)

(enter proper date)

28 I HEREBY CANCEL THIS TRANSACTION.

29 _____

30 DATE

SIGNATURE"

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

35 3. Until the completion of foreclosure pursuant to this

1 section, the mortgagee shall hold the real property subject to
2 liens of record at the time of the conveyance by the
3 mortgagor. However, the lien of the mortgagee shall remain
4 prior to liens which were junior to the mortgage at the time
5 of conveyance by the mortgagor to the mortgagee and may be
6 foreclosed as provided otherwise by law.

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

11 Sec. 49. It is the intent of the general assembly that the
12 Iowa finance authority shall not make any title guaranties
13 under the title guaranty program prior to January 1, 1987.

14 Sec. 50. Section 524.1103, Code 1985, is repealed.

15 Sec. 51. The Code editor may change any reference to the
16 "Iowa housing finance authority" or the "state housing finance
17 authority" remaining in the Code to the "Iowa finance
18 authority" or "state finance authority".

19 Sec. 52. The legislative council shall establish a joint
20 interim committee of the senate and of the house to study the
21 necessity and desirability of initiating a title guarantee
22 program as passed by the house on March 28, 1985 or the
23 establishment or authorization of other title guarantee or
24 insurance programs. The committee shall report its findings
25 and recommendations, including any proposed legislation, to
26 the general assembly by January 15, 1986.

27 Sec. 53. This Act, being deemed of immediate importance,
28 takes effect from and after its publication in the
29 Marshalltown Times-Republican, a newspaper published in
30 Marshalltown, Iowa, and in the Jasper County Tribune, a
31 newspaper published in Colfax, Iowa.

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