

Reprinted 3/21/86

SENATE FILE **2231**
BY COMMITTEE ON AGRICULTURE
(formerly 55B 2175)
Approved (p. 548)

FILED MAR 4 1986

Passed Senate, Date 3-17-86 (p. 733) Passed House, Date _____
Vote: Ayes 47 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the right to first refusal allowed to
2 immediately prior owners of agricultural land held by state
3 banks.

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

SENATE FILE 2231

S-5331

1 Amend Senate File 2231 as follows:
2 1. By striking page 1, line 29, through page 2,
3 line 1, and inserting the following: "bank has
4 acquired the land, the state bank shall first-offer
5 notify the immediately prior owner the opportunity to
6 repurchase if the state bank receives an earnest
7 inquiry or begins negotiation as to the possible sale
8 of the agricultural land. on-the-terms-the-state-bank
9 proposes-to-sell-or-dispose-of-the-agricultural-land
10 The state bank shall give the immediately prior owner
11 notice of the inquiry or negotiation at least twenty
12 days before the bank accepts the tender of an offer to
13 purchase the agricultural land from the person who
14 made the inquiry or was involved in the negotiation.
15 Upon tender of an offer to the state bank by a
16 prospective buyer, the state bank shall notify the
17 immediately prior owner of the price and terms of the
18 tendered and acceptable offer at least ten days prior
19 to accepting the offer. If the prior owner submits
20 within the ten-day period an intervening offer of
21 equal or better price, the agricultural land shall be
22 sold to the immediately prior owner."

S-5331 Filed March 12, 1986
BY WALDSTEIN, PRIEBE
Adopted 3/17 (p. 733)

1 Section 1. Section 524.910, subsection 2, Code Supplement
2 1985, is amended to read as follows:

3 2. Real property purchased by a state bank at sales upon
4 foreclosure of mortgages or deeds of trust owned by it, or
5 acquired upon judgments or decrees obtained or rendered for
6 debts due it, or real property conveyed to it in satisfaction
7 of debts previously contracted in the course of its business,
8 or real property obtained by it through redemption as a junior
9 mortgagee or judgment creditor, shall be sold or otherwise
10 disposed of by the state bank within five years after title is
11 vested in the state bank, unless the time is extended by the
12 superintendent. Agricultural land held by a state bank
13 pursuant to this subsection shall be valued on the books of
14 the bank at a value determined by obtaining the per acre
15 average of the valuations for the current year and the four
16 previous years for agricultural land in the county in which
17 the agricultural land is located as published by Iowa state
18 university of science and technology. If an appraisal
19 conducted by an independent real estate appraiser is available
20 for the current year, the five-year county average shall be
21 adjusted by either adding or subtracting from the five-year
22 average the percentage by which the particular farm's current
23 appraised value exceeds or is less than the current year's
24 county average value. To the extent permitted by federal law,
25 national banks may value agricultural land on the same basis
26 as state banks. Before the state bank sells or otherwise
27 disposes of agricultural land held pursuant to this
28 subsection, if less than three years have passed since the
29 bank has acquired that land, the state bank shall first offer
30 the immediately prior owner the opportunity to repurchase the
31 agricultural land on the terms the state bank proposes to sell
32 or dispose of the agricultural land. The immediately prior
33 owner has thirty days after the offer to exercise the right to
34 accept the offer, after which the bank may sell or dispose of
35 the land to any other person on the terms which were offered

1 to the immediately prior owner.

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EXPLANATION

3 This bill limits the scope of the right of first refusal
4 held by a prior owner of agricultural land on land held by a
5 state bank, by including only sales occurring within three
6 years of the bank's acquisition, and requiring the immediately
7 prior owner to exercise the right within ten days of the
8 offer.

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SENATE FILE 2231

H-5589

- 1 Amend Senate File 2231 as amended, passed, and
2 reprinted by the Senate as follows:
- 3 1. Page 1, line 28, by striking the word "three"
4 and inserting the word "five".
- 5 2. Page 1, line 31, by striking the words
6 "receives an earnest inquiry or".
- 7 3. Page 1, line 35, by striking the words
8 "inquiry or".
- 9 4. Page 2, line 3, by striking the words "made
10 the inquiry or".
- 11 5. Page 2, line 10, by inserting after the word
12 "owner." the following: "A state bank shall not
13 retain mineral rights to the land upon the sale of
14 agricultural land held by the bank."
- 15 6. Page 2, by inserting after line 10 the
16 following:
- 17 "Sec. . NEW SECTION. 535.14 AGRICULTURAL LAND
18 HELD BY CERTAIN FINANCIAL INSTITUTIONS.
- 19 1. A state chartered bank, state chartered savings
20 and loan association, nationally chartered bank,
21 insurance company, agricultural credit corporation,
22 federal land bank, or federal capital corporation
23 which purchases agricultural land at sales upon
24 foreclosure of mortgages or deeds of trust owned by
25 it, or which acquires agricultural land upon judgments
26 or decrees obtained or rendered for debts due it, or
27 which has agricultural land conveyed to it in
28 satisfaction of debts previously contracted in the
29 course of its business, or which obtains agricultural
30 land through redemption as a junior mortgagee or
31 judgment creditor, shall, if less than five years have
32 passed since the acquisition of the land, notify the
33 immediately prior owner if the institution begins
34 negotiation as to the possible sale of the
35 agricultural land. The institution shall give the
36 immediately prior owner notice of the negotiation at
37 least twenty days before the institution accepts the
38 tender of an offer to purchase the agricultural land
39 from the person who was involved in the negotiation.
40 Upon tender of an offer to the institution by a
41 prospective buyer, the institution shall notify the
42 immediately prior owner of the price and terms of the
43 tendered and acceptable offer at least ten days prior
44 to accepting the offer. If the prior owner submits
45 within the ten-day period an intervening offer of
46 equal or better price, the agricultural land shall be
47 sold to the immediately prior owner.
- 48 2. If an institution listed in subsection 1
49 acquires agricultural land by a means described in
50 subsection 1, the institution shall not retain mineral

H-5589

Page Two

1 rights to the land upon the sale of the agricultural
2 land."

3 7. Title page, by striking lines 1 through 3 and
4 inserting the following: "An Act relating to
5 agricultural land held by financial institutions, by
6 providing a first right of refusal to immediately
7 prior owners, and prohibiting the retention of mineral
8 rights upon the sale of agricultural land."

H-5589 FILED MARCH 27, 1986 BY COMMITTEE ON AGRICULTURE

Adopted 4/2 (p. 1154)

1 Section 1. Section 524.910, subsection 2, Code Supplement
2 1985, is amended to read as follows:

3 2. Real property purchased by a state bank at sales upon
4 foreclosure of mortgages or deeds of trust owned by it, or
5 acquired upon judgments or decrees obtained or rendered for
6 debts due it, or real property conveyed to it in satisfaction
7 of debts previously contracted in the course of its business,
8 or real property obtained by it through redemption as a junior
9 mortgagee or judgment creditor, shall be sold or otherwise
10 disposed of by the state bank within five years after title is
11 vested in the state bank, unless the time is extended by the
12 superintendent. Agricultural land held by a state bank
13 pursuant to this subsection shall be valued on the books of
14 the bank at a value determined by obtaining the per acre
15 average of the valuations for the current year and the four
16 previous years for agricultural land in the county in which
17 the agricultural land is located as published by Iowa state
18 university of science and technology. If an appraisal
19 conducted by an independent real estate appraiser is available
20 for the current year, the five-year county average shall be
21 adjusted by either adding or subtracting from the five-year
22 average the percentage by which the particular farm's current
23 appraised value exceeds or is less than the current year's
24 county average value. To the extent permitted by federal law,
25 national banks may value agricultural land on the same basis
26 as state banks. Before the state bank sells or otherwise
27 disposes of agricultural land held pursuant to this
28 subsection, if less than three years have passed since the
29 bank has acquired the land, the state bank shall first-offer
30 notify the immediately prior owner the-opportunity-to
31 repurchase if the state bank receives an earnest inquiry or
32 begins negotiation as to the possible sale of the agricultural
33 land. on-the-terms-the-state-bank-proposes-to-sell-or-dispose
34 of-the-agricultural-land The state bank shall give the
35 immediately prior owner notice of the inquiry or negotiation

1 at least twenty days before the bank accepts the tender of an
2 offer to purchase the agricultural land from the person who
3 made the inquiry or was involved in the negotiation. Upon
4 tender of an offer to the state bank by a prospective buyer,
5 the state bank shall notify the immediately prior owner of the
6 price and terms of the tendered and acceptable offer at least
7 ten days prior to accepting the offer. If the prior owner
8 submits within the ten-day period an intervening offer of
9 equal or better price, the agricultural land shall be sold to
10 the immediately prior owner.

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Husak, Ch.
Soorholtz
Priebe.
New
SF 2231

AGRICULTURE: Husak, Chair: Soorholtz and Priebe

SENATE FILE 2231
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL)

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

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