

(2) Each ~~even-numbered~~ odd-numbered senatorial district to which subparagraph (1) of this paragraph is not applicable shall elect a senator in ~~1982~~ 1992 for a two-year term commencing in January, ~~1983~~ 1993.

Approved May 6, 1990

CHAPTER 1245

REAL PROPERTY MORTGAGORS' RIGHTS

S.F. 390

AN ACT relating to the transfer of agricultural land, by restricting the time land can be held by financial and insurance institutions, providing for valuation of land, the opportunity to repurchase land, for redemption, and providing effective dates and dates of applicability.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 524.910, subsection 2, Code 1989, is amended to read as follows:

2. Real property purchased by a state bank at sales upon foreclosure of mortgages or deeds of trust owned by it, or acquired upon judgments or decrees obtained or rendered for debts due it, or real property conveyed to it in satisfaction of debts previously contracted in the course of its business, or real property obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within five years after title is vested in the state bank, unless the time is extended by the superintendent. Agricultural land held by a state bank pursuant to this subsection shall be valued on the books of the bank at a value determined by obtaining the per acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology. If an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised value exceeds or is less than the current year's county average value. To the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks. ~~Before the state bank sells or otherwise disposes of agricultural land held pursuant to this subsection, the state bank shall first offer the prior owner the opportunity to repurchase the agricultural land on the terms the state bank proposes to sell or dispose of the agricultural land.~~

Sec. 2. Section 654.16, Code 1989, is amended by striking the section and inserting in lieu thereof the following:

654.16 SEPARATE REDEMPTION OF HOMESTEAD.

If a sheriff's sale is ordered on agricultural land used for farming, as defined in section 175.2, the mortgagor may, by a date set by the court but not later than ten days before the sale, designate to the court the portion of the land which the mortgagor claims as a homestead. The homestead may be any contiguous portion of forty acres or less of the real estate subject to the sheriff's sale. The homestead shall contain the residence of the mortgagor and shall be as compact as practicable.

If a homestead is designated, the court shall determine the fair market value of the designated homestead before the sheriff's sale. The court may consult with the county appraisers appointed pursuant to section 450.24, or with one or more independent appraisers, to determine the fair market value of the designated homestead.

The mortgagor may redeem the designated homestead by tendering the lesser of either any amount separately bid for the designated homestead at the sheriff's sale pursuant to procedures set forth in chapter 628, or the fair market value, as determined pursuant to this section, of the designated homestead at any time within one year from the date of the sheriff's sale, pursuant to the procedures set forth in chapter 628.

Sec. 3. NEW SECTION. 654.16A RIGHT OF FIRST REFUSAL FOLLOWING RECORDING OF SHERIFF'S DEED TO AGRICULTURAL LAND.

1. Not later than the time a sheriff's deed to agricultural land used for farming, as defined in section 175.2, is recorded, the grantee recording the sheriff's deed shall notify the mortgagor of the mortgagor's right of first refusal. The grantee shall record the sheriff's deed within one year and sixty days from the date of the sheriff's sale. A copy of this section, titled "Notice of Right of First Refusal" is sufficient notice.

2. If, after a sheriff's deed is recorded, the grantee proposes to sell or otherwise dispose of the agricultural land, in a transaction other than a public auction, the grantee shall first offer the mortgagor the opportunity to repurchase the agricultural land on the same terms and at the same price that the grantee proposes to sell or dispose of the agricultural land. If the grantee seeks to sell or otherwise dispose of the agricultural land by public auction, the mortgagor must be given sixty days' notice of all of the following:

- a. The date, time, place, and procedures of the auction sale.
- b. Any minimum terms or limitations imposed upon the auction.

3. The grantee is not required to offer the mortgagor financing for the purchase of the agricultural land.

4. The mortgagor has ten business days after being given notice of the terms and price of the proposed sale or disposition, other than a public auction, in which to exercise the right to repurchase the agricultural land by submitting a binding offer to the grantee on the same terms as the proposed sale or other disposition, with closing to occur within thirty days after the offer unless otherwise agreed by the grantee. After the expiration of either the period for offer or the period for closing, without submission of an offer or a closing occurring, the grantee may sell or otherwise dispose of the agricultural land to any other person on the terms upon which it was offered to the mortgagor.

5. Notice of the mortgagor's right of first refusal, a proposed sale, auction, or other disposition, or the submission of a binding offer by the mortgagor, is considered given on the date that notice or offer is personally served on the other party or on the date that notice or offer is mailed to the other party's last known address by registered or certified mail, return receipt requested. The right of first refusal provided in this section is not assignable, but may be exercised by the mortgagor's successor in interest, receiver, personal representative, executor, or heir only in case of bankruptcy, receivership, or death of the mortgagor.

Sec. 4. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 5. Section 524.910, Code 1989, as amended by this Act, applies to all foreclosure actions filed on or after March 30, 1990, and as applied to a prior owner's opportunity to repurchase agricultural land is retroactive to all foreclosure actions for which a sheriff's sale has not been held on March 30, 1990.

Sec. 6. Section 654.16, Code 1989, as amended by this Act, applies to all foreclosure actions filed on or after the effective date of this Act, and is retroactive to all foreclosure actions for which a sheriff's sale has not been held on the effective date of this Act.

Sec. 7.

Section 654.16A applies to all foreclosure actions filed on or after the effective date of this Act, and is retroactive to all foreclosure actions for which a sheriff's sale has not been held on the effective date of this Act.