

CHAPTER 1136**EXEMPTIONS FROM EXECUTION - RESIDENTIAL DEPOSITS AND PREPAID RENT
S.F. 2396**

AN ACT adding certain residential security deposits and prepaid rent to the list of exempt property which a debtor may claim.

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

Section 1. Section 627.6, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The debtor's interest, not to exceed five hundred dollars in the aggregate, in any combination of the following property:

a. Any residential rental deposit held by a landlord as a security deposit, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

b. Any residential utility deposit held by any electric, gas, telephone, or water company as a condition for initiation or reinstatement of such utility service, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

c. Any rent paid to the landlord in advance of the date due under any unexpired residential lease.

Notwithstanding the provisions of this subsection, a debtor shall not be permitted to claim these exemptions against a landlord or utility company, with regard to sums held under the terms of a rental agreement, or for utility services furnished to the debtor.

Approved April 18, 1996

CHAPTER 1137**PURCHASE MONEY MORTGAGES****S.F. 2305**

AN ACT relating to purchase money mortgages and providing a retroactive applicability provision.

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

Section 1. Section 654.12B, Code Supplement 1995, is amended to read as follows:

654.12B PRIORITY OF RECORDED PURCHASE MONEY MORTGAGE LIEN.

The lien created by a recorded purchase money mortgage shall have priority over and is senior to preexisting judgments against the purchaser and any other right, title, interest, or lien arising either directly or indirectly by, through, or under the purchaser. A mortgage is a purchase money mortgage if to the extent it is either ~~of the following~~:

1. Taken or retained by the seller of the real estate to secure all or part of its price, including all costs in connection with the purchase.

2. Taken by a lender who, by making an advance or incurring an obligation, provides funds to enable the purchaser to acquire rights in the real estate, including all costs in connection with the purchase, if the funds are in fact so used. Except when it is a refinancing of an existing purchase money mortgage between the same lender and purchaser and no new funds are advanced, a mortgage given to secure funds which are used to pay off another mortgage is not a purchase money mortgage.

~~The If more than one purchase money mortgage exists, the first mortgage to be recorded has priority. In order to be entitled to the rights provided by this section, the mortgage shall must contain a recital that it is a purchase money mortgage in order to provide notice to third parties of its priority. If there is more than one purchase money mortgage, a prior recorded mortgage has priority unless "the prior recorded mortgage" or "a mortgage recorded earlier" provides otherwise. However, failure to include the recital in the mortgage shall not prevent a mortgage otherwise qualifying as a purchase money mortgage from being a purchase money mortgage for purposes other than this section. The rights in this section are in addition to, and the obligations are not in derogation of, all rights provided by common law.~~

Sec. 2. RETROACTIVE APPLICABILITY. This Act applies retroactively to purchase money mortgages taken or retained on or after July 1, 1995.

Approved April 18, 1996

CHAPTER 1138

INVESTMENT SECURITIES – UNIFORM COMMERCIAL CODE S.F. 2368

AN ACT providing for the regulation of investment securities under article 8 of the uniform commercial code, and providing conforming changes, and an effective date.

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

Section 1. Section 511.8, subsection 21, paragraph a, subparagraph (1), Code 1995, is amended to read as follows:

(1) "Clearing corporation" means a corporation as defined in section 554.8102, ~~subsection 3.~~

Sec. 2. Section 515.35, subsection 2, paragraphs b and c, Code 1995, are amended to read as follows:

b. "Clearing corporation" means as defined in section 554.8102, ~~subsection 3.~~

c. "Custodian bank" means ~~as defined in section 554.8102, subsection 4~~ a bank or trust company that is supervised and examined by state or federal authority having supervision over banks and is acting as custodian for a clearing corporation.

Sec. 3. Section 518.14, subsection 2, paragraph c, Code Supplement 1995, is amended to read as follows:

c. "Custodian bank" means as defined in section ~~554.8102~~ 515.35.

Sec. 4. Section 518A.12, subsection 2, paragraph c, Code Supplement 1995, is amended to read as follows:

c. "Custodian bank" means as defined in section ~~554.8102~~ 515.35.

Sec. 5. Section 554.1105, subsection 2, Code 1995, is amended to read as follows:

2. Where one of the following provisions of this chapter specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law (including the conflict of laws rules) so specified:

Rights of creditors against sold goods. Section 554.2402.

Applicability of the Article on Bank Deposits and Collections. Section 554.4102.

Applicability of the Article on Investment Securities. Section ~~554.8106~~ 554.8110.