

ECONOMIC PROTECTIVE AND INVESTMENT AUTHORITY

Footnotes

This chapter not enacted as a part of this title; transferred from chapter 175A in Code 1993

16A.1 Legislative findings purpose.

The general assembly finds and declares as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare and for the promotion of the economy, which are public purposes.
2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter.
3. There exists a serious problem in this state regarding the ability of farmers and small businesses to obtain adequate affordable operating loans and to service the debt on existing operating, machinery, and land loans.
4. Farming and the operation of small regionally owned businesses are principal pursuits of the inhabitants of this state. Many other industries and pursuits are wholly dependent upon farming and small business.
5. The inability of farmers and small businesses to obtain adequate affordable operating loans and to service the debt on existing operating, machinery, and land loans is conducive to economic decline and poverty and impairs the economic value of vast areas of the state, which are characterized by depreciated property values, impaired investments, and reduced capacity to pay taxes.
6. These conditions result in a loss of population and further economic deterioration, accompanied by added costs to communities for creation of new public facilities and services.
7. A major cause of the unavailability of adequate affordable operating loans and the inability to service the debt on existing operating, machinery, and land loans is the unstable economic condition of the state, due in part to unanticipated high interest rates.
8. A stable economic condition is necessary to encourage and facilitate the availability of adequate affordable operating loans and to enable farmers and small businesses to service the debt on existing operating, machinery, and land loans, and it is necessary to create a state economic protective and investment authority to administer programs to stabilize the economic condition.
9. The public purpose of this chapter is to maximize the economic potential of the state and to thereby stabilize the economic condition of the state.

85 Acts, ch 252, §2

CS85, § 175A.1

C93, § 16A.1

16A.2 Definitions.

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

1. "*Authority*" means the Iowa economic protective and investment authority established in section 16A.3.
2. "*Farmer*" means a person engaged in farming.
3. "*Farming*" means as defined in section 9H.1.
4. "*Lending institution*" means a bank, trust company, mortgage company, national banking association, savings and loan association, savings bank, or another state financial institution or entity authorized to make farm or small business operating loans or loans to farmers or small businesses to acquire real or personal property.
5. "*Operating loan*" means a loan made by a lending institution to a borrower in an amount sufficient to enable the borrower to pay the reasonably necessary expenses and cash flow requirements of farming or of operating a small business.
6. "*Cash flow requirements*" includes but is not limited to the availability of money adequate to provide for obligations which become due during the term of the operating loan for operating expenses, family living expenses, principal and interest installments on loans for real or personal property, and rent.
7. "*Small business*" means as defined in section 16.1, except as further defined by the authority by rule.

85 Acts, ch 252, §3

CS85, § 175A.2

C93, § 16A.2

16A.3 Establishment of authority.

1. The Iowa economic protective and investment authority is established and constituted a public instrumentality and agency of the state exercising public and essential governmental functions. The authority is established to undertake programs which provide assistance for farming and for small businesses, and other programs the authority deems necessary to carry out the purpose identified in section 16A.1. The powers of the authority are vested in and exercised by a board of five members appointed by a committee composed of the majority and minority floor leaders of the senate, the speaker of the house of representatives, and the minority floor leader of the house of representatives. No more than three members appointed pursuant to this subsection shall belong to the same political party. As far as possible the board shall include within the membership persons who represent lending institutions experienced in agricultural or small business lending, agricultural suppliers, farmers, operators of small businesses, average citizens, and other persons specially interested in the availability of funds for farm operating loans.
2. The members of the authority appointed pursuant to subsection 1 shall serve terms of three years, except that, of first appointments, one member shall be appointed for a term of one year and two members shall be appointed for terms of two years. A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the authority appointed pursuant to subsection 1 may be removed from office by the committee for misfeasance, malfeasance, willful neglect of duty, or other just cause after notice and hearing, unless the notice and hearing is expressly waived in writing. A member of the authority appointed pursuant to subsection 1 may also serve as a member of the Iowa family farm development authority.
3. Three members of the authority constitute a quorum and the affirmative vote of a majority of the members of the authority is necessary for substantive action to be taken by the authority. The majority shall not include a member who has a conflict of interest and a statement by a member of a conflict of interest is conclusive

for this purpose. A vacancy in the membership does not impair the right of a quorum to exercise all rights and perform all duties of the authority.

4. The members of the authority appointed pursuant to subsection 1 are entitled to receive a per diem as specified in section 7E.6 for each day spent in performance of duties as members, and shall be reimbursed for all actual and necessary expenses incurred in the performance of duties as members.

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

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

7. The members appointed pursuant to subsection 1 shall elect a chairperson and vice chairperson annually, and other officers as they determine, but the executive director, appointed pursuant to section 16A.5, is a nonvoting ex officio member of the board and shall serve as secretary to the authority.

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

85 Acts, ch 252, § 4

CS85, § 175A.3

90 Acts, ch 1256, § 35

C93, § 16A.3

16A.4 Advisory panel.

The director of the department of management or the director's designee, the treasurer of state or the treasurer's designee, the secretary of agriculture or the secretary's designee, the director of the Iowa department of economic development or the director's designee, the executive director of the agricultural development authority or the director's designee, and the superintendent of banking or the superintendent's designee are constituted as an advisory panel to the authority. The panel shall provide advice and assistance to the authority in the performance of the authority's functions, but shall not vote in board decisions.

85 Acts, ch 252, §5

CS85, § 175A.4

C93, § 16A.4

16A.5 Executive director staff.

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

2. The executive director is a nonvoting ex officio member of the board, and shall advise the authority on matters relating to finance, carry out all directives from the authority, and hire and supervise the authority's staff pursuant to its directions and under the merit system provisions of chapter 8A, subchapter IV, except that principal administrative assistants with responsibilities in operating loan programs, accounting, and processing of applications for interest reduction are exempt from the merit system.

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

85 Acts, ch 252, §6

CS85, § 175A.5

88 Acts, ch 1158, § 47

C93, § 16A.5

2003 Acts, ch 145, §140

Footnotes

Confirmation, see § 2.32

16A.6 General powers.

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

1. Sue and be sued in its own name.
2. Have and alter a corporate seal.
3. Make and alter bylaws for its management consistent with this chapter.
4. Make and execute agreements, contracts and other instruments, with any public or private entity, including but not limited to, any federal governmental agency or instrumentality. The authority may make and execute contracts with a firm of independent certified public accountants to prepare an annual report on behalf of the authority. All political subdivisions, other public agencies and state agencies may enter into contracts and otherwise cooperate with the authority.
5. Procure insurance against any loss in connection with its operations.
6. Accept appropriations, gifts, grants, loans, or other aid from public or private entities. A record of all gifts or grants, stating the type, amount and donor, shall be clearly set out in the authority's annual report along with the record of other receipts.
7. Provide to public and private entities technical assistance and counseling related to the authority's purposes.
8. In cooperation with other local, state or federal governmental agencies or instrumentalities, conduct studies

of farm and small business operational expense needs, and gather and compile data useful to facilitate decision making.

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

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

11. Issue its negotiable bonds, notes, debentures, capital stock, or other obligations as provided in sections 16A.9 to 16A.13 in order to directly or indirectly finance its programs.

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

13. Subject to agreements with holders of its obligations, invest or deposit moneys of the authority in a manner determined by the authority by rule, notwithstanding chapter 12B or 12C.

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

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

85 Acts, ch 252, §7

CS85, § 175A.6

C93, § 16A.6

16A.7 Annual report.

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

a. Its operations and accomplishments.

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

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

d. A statement of its proposed and projected activities.

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

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

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

2. The annual report shall identify performance goals of the authority, and clearly indicate the extent of progress during the reporting period, in attaining the goals. Where possible, results shall be expressed in terms of number of farm units and small business units assisted. The report shall state the median, mean, range, and total of the dollar amount of the individual grants, the debt-to-asset ratio of borrowers assisted,

and the resulting interest rates on farm and small business operating loans. The report shall also state the median, mean, and range of the size of farm units assisted, expressed in acres, and the median, mean, and range of the size of small businesses assisted, expressed in the amount of annual gross income.

85 Acts, ch 252, §8

CS85, § 175A.7

C93, § 16A.7

16A.8 Operating assistance program.

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

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

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

a. The borrower is a resident of the state.

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

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

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

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

4. The authority shall provide in the operating assistance program that the authority may, upon approval by the board of an application, enter into an agreement with the lending institution in which the lending institution shall agree to reduce for one year the interest rate on the borrower's operating loan, whether the loan is a new loan or is an existing and unpaid loan, to a rate at least five percent below the base rate, which is the maximum lawful rate of interest as determined by the superintendent of banking pursuant to section 535.2 for the calendar month in which the application was approved by the authority. However, the authority may lower the base rate if necessary to accommodate regional financial conditions. The authority shall agree to give to each lending institution which has agreed with the authority to the interest reduction a grant in the amount, as determined by the authority, necessary to reimburse the lending institution for the reduction of the interest rate on the borrower's operating loan by two percent for the term of the loan or for one year, whichever is less. The grant shall be paid to the lending institution within sixty days after the date the application is approved.

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

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

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

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

85 Acts, ch 252, §9

CS85, § 175A.8

C93, § 16A.8

16A.9 Obligations issued by the authority.

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

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

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

4. Obligations shall:

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

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

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

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

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

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

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

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

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

(8) Vesting in a trustee properties, rights, powers and duties in trust as the authority determines, which may include the rights, powers and duties of the trustee appointed for the holders of any issue of obligations pursuant to section 16A.10, in which event the provisions of that section authorizing appointment of a trustee by the holders of obligations shall not apply, or limiting or abrogating the right of the holders of obligations to appoint a trustee under that section, or limiting the rights, duties and powers of the trustee.

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

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

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

5. The authority may issue its obligations for the purpose of refunding any obligations of the authority then outstanding, including the payment of any redemption premiums on the obligations and any interest accrued or to accrue to the date of redemption of the outstanding obligations. Until the proceeds of obligations issued for the purpose of refunding outstanding obligations are applied to the purchase or retirement of outstanding obligations or the redemption of outstanding obligations, the proceeds may be placed in escrow and be invested and reinvested in accordance with this chapter. The interest, income and profits earned or realized on an investment may also be applied to the payment of the outstanding obligations to be refunded by purchase, retirement or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding obligations shall be issued and secured and subject to the provisions of this chapter in the same manner and to the same extent as other obligations issued pursuant to this chapter.

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

7. A copy of each pledge agreement by or to the authority, including without limitation each obligation resolution, indenture of trust or similar agreement, or any revisions or supplements to it shall be filed with the secretary of state and no further filing or other action under chapter 554, article 9 of the uniform commercial code, or any other law of the state shall be required to perfect the security interest in the collateral or any additions to it or substitutions for it, and the lien and trust so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

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

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

85 Acts, ch 252, §10

CS85, § 175A.9

C93, § 16A.9

16A.10 Remedies of holders of obligations.

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

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

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

b. Bring suit upon the obligations.

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

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

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

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

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

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

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

85 Acts, ch 252, §11

CS85, § 175A.10

C93, § 16A.10

16A.11 Obligations as legal investments.

Obligations of the authority are securities in which public officers, state departments and agencies, political

subdivisions, insurance companies, and other persons carrying on an insurance business, banks, trust companies, savings and loan associations, savings banks, investment companies and other persons carrying on a banking business, administrators, executors, guardians, conservators, trustees and other fiduciaries, and other persons authorized to invest in bonds or other obligations of this state, may properly and legally invest funds including capital in their control or belonging to them. The obligations are also securities which may be deposited with and may be received by public officers, state departments and agencies, and political subdivisions, for any purpose for which the deposit of bonds or other obligations of this state is authorized.

85 Acts, ch 252, §12

CS85, § 175A.11

C93, § 16A.11

16A.12 Notice limitation of action.

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

85 Acts, ch 252, §13

CS85, § 175A.12

C93, § 16A.12

16A.13 Moneys of the authority.

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

2. The authority shall submit to the governor, the auditor of state, the department of management, and the department of administrative services, within thirty days of its receipt, a copy of the report of every external examination of the books and accounts of the authority other than copies of the reports of examinations made by the auditor of state.

85 Acts, ch 252, §14

CS85, § 175A.13

88 Acts, ch 1158, § 48

C93, § 16A.13

2003 Acts, ch 145, §286

16A.14 Limitation of liability no pledge of state credit.

1. Members of the authority and persons acting in its behalf, while acting within the scope of their employment or agency, are not subject to personal liability resulting from carrying out the powers and duties given in this chapter.
2. The obligations of the authority are not obligations of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are obligations of the authority payable solely and only from the authority's funds, and the authority shall not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority or make its debts payable out of any moneys except for those of the authority.

85 Acts, ch 252, §15

CS85, § 175A.14

C93, § 16A.14

16A.15 Assistance by state officers, agencies and departments.

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

85 Acts, ch 252, §16

CS85, § 175A.15

C93, § 16A.15

16A.16 Conflicts of interest.

1. If a member or employee other than the executive director of the authority has an interest, either direct or indirect, in a contract to which the authority is or is to be a party or in a lending institution which is seeking a payment for a reduction in the interest rate on a borrower's farm operating loan, the interest shall be disclosed to the authority in writing and shall be set forth in the minutes of the authority. The member or employee having the interest shall not participate in action by the authority with respect to that contract or lending institution.
2. This section does not limit the right of a member, officer or employee of the authority other than the executive director to have an interest in a bank or other financial institution in which the funds of the authority are deposited.
3. The executive director shall not have an interest in a bank or other financial institution in which the funds of the authority are deposited. The executive director shall not receive, in addition to fixed salary or compensation, money or anything valuable, either directly or indirectly, or through a substantial interest in another corporation or business unit, for negotiating, procuring, recommending or aiding in a payment made by the authority under section 16A.8, subsection 4, nor shall the executive director be pecuniarily interested, either as principal, coprincipal, agent or beneficiary, either directly or indirectly or through any substantial interest in another corporation or business unit, in a payment made by the authority under section 16A.8, subsection 4.

85 Acts, ch 252, §17

CS85, § 175A.16

C93, § 16A.16

16A.17 Exemption from competitive bid laws.

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

85 Acts, ch 252, §18

CS85, §175A.17

C93, § 16A.17

16A.18 Lending institution obligations.

1. The authority shall collect from each lending institution participating in the operating assistance program and each participating lending institution shall pay an amount equal to eight percent of the equity capital of each participating stock-owned lending institution and five percent of the surplus of each participating mutually owned lending institution.
2. The amount collected by the authority shall become moneys of the authority and shall be deposited in a special trust fund held in the name of and for the benefit of the authority by a state bank or national banking association with trust powers. The amount collected by the authority shall be invested while on deposit in the special trust fund and shall remain invested and on deposit in the special trust fund until the final maturity of the authority's obligations issued to fund the particular operating assistance program in which the lending institutions are participating. At the time of the final maturity the amount on deposit, including a pro rata share of any investment earnings not already used in accordance with subsection 3, shall be returned to the lending institution making the initial deposit.
3. All investment earnings from the amount on deposit in the special trust fund shall be deposited when earned into a separate account of the special trust fund and pledged to the payment of principal of and interest on the authority's obligations issued to fund the operating assistance program in which the lending institutions are participating pursuant to the resolution under which the obligations were issued. All investment earnings not used to pay principal of and interest on the authority's obligations shall be commingled with other moneys on deposit in the special trust fund and reinvested with such moneys.
4. Neither the authority nor the holders of any of the authority's obligations shall have any claim or right to the amount on deposit in the special trust fund other than to the investment earnings held in the separate account of the special trust fund. The authority shall not use the amount on deposit in the special trust fund, other than the earnings in the separate account, to pay principal of and interest on its obligations.

85 Acts, ch 252, §19

CS85, § 175A.18

C93, § 16A.18

16A.19 Lending institutions incentives.

The superintendent of banking shall certify that a state bank or national banking association which participates in the operating assistance program is meeting its obligations to meet the credit needs of its

community as provided in the federal Community Reinvestment Act of 1977, 12 U.S.C. § 29012905.

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

85 Acts, ch 252, §20

CS85, § 175A.19

C93, § 16A.19

16A.20 Lending institution write-off of bought-down interest.

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

85 Acts, ch 252, §21

CS85, § 175A.20

C93, § 16A.20

16A.21 Agricultural land valuation.

Agricultural land which is valued by a lending institution for the purpose of determining the debt-to-asset ratio of a borrower in conjunction with the borrower's application for an operating loan or a loan for the acquisition of real or personal property shall be valued by determining the per acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology. If an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised value exceeds or is less than the current year's county average value. To the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks. The value determined pursuant to this section shall be recomputed using the method provided in this section each year a loan subject to this chapter remains in existence and unpaid.

85 Acts, ch 252, §22

CS85, § 175A.21

C93, § 16A.21

16A.22 Liberal interpretation.

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

85 Acts, ch 252, §23

CS85, § 175A.22

C93, § 16A.22

