

534.207 Commitment to residential loans.

1. *Commitment.* As an annual average, based on monthly computations, an association shall hold at least sixty percent of its assets in the following types of assets:

a. Loans secured by liens or claims on residential real estate, participation interests in groups of loans secured by liens or claims on residential real estate, securities that are secured by groups of loans secured by liens or claims on residential real estate, or property improvement loans for the making of improvements upon residential real property, or a combination of these.

b. Cash.

c. Obligations of the United States or of a state or political subdivision of a state, and stock or obligations of a corporation which is an instrumentality of the United States or of a state or political subdivision of a state, but not including obligations the interest on which is excludable from gross income under section 103 of the Internal Revenue Code.

d. Certificates of deposit in, or obligations of, a corporation organized under a state law which specifically authorizes such corporation to insure the deposits or share accounts of member associations.

e. Loans secured by a deposit or share of a member.

f. Property acquired through the liquidation of default loans.

g. Property used by the association in the conduct of its business under this chapter.

For the purposes of this subsection, "*residential real estate*" means real estate on which there is located, or within three years will be located following the construction of improvements financed by a real estate loan, a structure or structures designed or used primarily to provide living accommodations for people, except structures which are designed primarily to provide accommodations for transients.

2. *Failure to meet commitment.* If, upon examination, the superintendent of savings and loan associations determines that an association has failed to meet the requirements of subsection 1 for any two of its preceding five fiscal years, the association shall be so notified in writing, with a copy of the notice to the superintendent of banking, and the association shall within ninety days following receipt of the notice do one of the following:

a. Establish to the satisfaction of the superintendent that at least sixty percent of the current amount of its assets are held in the types of assets referred to in subsection 1. If the association subsequently fails to meet the requirements of subsection 1 during any one of the three fiscal years following the fiscal year in which the second violation in five years occurred, then the association shall within ninety days following receipt of a notice of this violation take one of the actions specified in paragraph "b", "c", "d", or "e".

b. File a plan of merger to merge with another state association whose assets are such that the two associations would have met the requirements of subsection 1 on a consolidated basis during at least four of the five preceding years.

c. File a plan of merger with a federal association or a bank under which the resulting organization is not a state association.

d. File a plan of conversion to become a federal association or a bank.

e. File a plan of conversion that provides both for conversion to a stock association and for the immediate

conversion of the resulting stock association to a bank.

3. *Failure to resolve problem.* If an association fails to take one of the actions required by subsection 2, or fails to complete the plan of merger or conversion within nine months after receiving the notice specified in subsection 2, the superintendent shall appoint a conservator to operate the association in conformance with subsection 1 or a receiver to liquidate the association.

[C73, § 1185, 1186; C97, § 1898, 1899; S13, § 1898, 1899-a; C24, 27, 31, § 9329, 9340, 9341; C35, § 9329, 9330-e1, 9340, 9340-b1, 9341; C39, § **9329, 9330.1, 9340.01, 9340.049340.06, 9340.08, 9340.09, 9340.14;** C46, 50, 54, 58, § 534.19, 534.21, 534.22, 534.25, 534.28534.30, 534.32, 534.33, 534.38; C62, 66, 71, 73, 75, 77, 79, § 534.19, 534.21; S79, § 534.21; C81, § 534.19, 534.21; 82 Acts, ch 1253, § 21]

C83, § 534.77

C85, § 534.207

87 Acts, ch 171, §33; 90 Acts, ch 1208, § 6