

**262.14 Loans — conditions — other investments.**

The board may invest funds belonging to the institutions, subject to chapters 12F and 12H and the following regulations:

1. Each loan shall be secured by a mortgage paramount to all other liens upon approved farm lands in this state, accompanied by abstract showing merchantable title in the borrower. The loan shall not exceed sixty-five percent of the cash value of the land, exclusive of buildings.

2. Each such loan if for a sum more than one-fourth of the value of the farm shall be on the basis of stipulated annual principal reductions.

3. *a.* Any portion of the funds may be invested by the board. In the investment of the funds, the board shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in their own affairs as provided in chapter 633A, subchapter IV, part 3.

*b.* The board shall give appropriate consideration to those facts and circumstances that the board knows or should know are relevant to the particular investment involved, including the role the investment plays in the total value of the board's funds.

*c.* For the purposes of this subsection, appropriate consideration includes, but is not limited to, a determination by the board that the particular investment is reasonably designed to further the purposes prescribed by law to the board, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment and consideration of the following factors as they relate to the funds of the board:

(1) The composition of the funds of the board with regard to diversification.

(2) The liquidity and current return of the investments relative to the anticipated cash flow requirements.

(3) The projected return of the investments relative to the funding objectives of the board.

*d.* The board shall have a written investment policy, the goal of which is to provide for the financial health of the institutions governed by the board. The board shall establish investment practices that preserve principal, provide for liquidity sufficient for anticipated needs, and maintain purchasing power of investable assets of the board and its institutions. The policy shall also include a list of authorized investments, maturity guidelines, procedures for selecting and approving investment managers and other investment professionals as described in section 11.2, subsection 3, and provisions for regular and frequent oversight of investment decisions by the board, including audit. The board shall make available to the auditor of state and treasurer of state the most recent annual report of any investment entity or investment professional employed by an institution governed by the board. The investment policy shall cover investments of endowment and nonendowment funds.

*e.* Consistent with this subsection, investments made under this subsection shall be made in a manner that will enhance the economy of this state, and in particular, will result in increased employment of the residents of this state.

4. Any gift accepted by the Iowa state board of regents for the use and benefit of any institution under its control may be invested in securities designated by the donor, but whenever such gifts are accepted and the money invested according to the request of the said donor, neither the state, the Iowa state board of regents, nor any member thereof, shall be liable therefor or on account thereof.

5. A register containing a complete abstract of each loan and investment, and showing its actual condition, shall be kept by the board and be at all times open to inspection.

6. All loans made under the provisions of this section shall have an interest rate of not less than three and one-half percent per annum.

1. [C51, §1018; R60, §1938; C73, §1599; C97, §2638; S13, §2682-s; C24, 27, 31, 35, 39, §3926; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]

2. [S13, §2682-s; C24, 27, 31, 35, 39, §3926; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]

3. [R60, §1938; C73, §1599, 1617; C97, §2638, 2666; C24, 27, 31, 35, 39, §3926; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]

4. [C31, 35, 39, §3926; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]

5. [S13, §2682-s; C24, 27, 31, 35, 39, §3926; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]

6. [C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §262.14]  
85 Acts, ch 190, §4; 85 Acts, ch 227, §8; 92 Acts, ch 1156, §10; 94 Acts, ch 1001, §4; 99 Acts, ch 125, §103, 109; 2005 Acts, ch 38, §55; 2007 Acts, ch 39, §11; 2011 Acts, ch 82, §11

[T] Unnumbered paragraph 1 amended