

524.905 Loans on real property.

1. *Rules for loans.* A state bank may make permanent loans, construction loans, or combined construction and permanent loans, secured by liens on real property, as authorized by rules adopted by the superintendent under [chapter 17A](#). The rules shall include provisions as necessary to ensure the safety and soundness of these loans, and to ensure full and fair disclosure to borrowers of the effects of provisions in agreements for these loans, including provisions permitting change or adjustment of any terms of a loan, provisions permitting, requiring, or prohibiting repayment of a loan on a basis other than of equal periodic installments of interest plus principal over a fixed term, provisions imposing penalties for the borrower's noncompliance with requirements of a loan agreement, or provisions allowing or requiring a borrower to choose from alternative courses of action at any time during the effectiveness of a loan agreement.

2. *Protective payments — escrow accounts.* A bank may include in the loan documents signed by the borrower a provision requiring the borrower to pay the bank each month in addition to interest and principal under the note an amount equal to one-twelfth of the estimated annual real estate taxes, special assessments, hazard insurance premium, mortgage insurance premium, or any other payment agreed to by the borrower and the bank in order to better secure the loan. The bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A bank receiving funds in escrow pursuant to an escrow agreement executed in connection with a loan as defined in [section 535.8, subsection 1](#), may pay interest to the borrower on those funds. A bank which maintains an escrow account in connection with any loan authorized by [this section](#), whether or not the mortgage has been assigned to a third person, shall each year deliver to the mortgagor a written annual accounting of all transactions made with respect to the loan and escrow account.

3. *Escrow reports.* A state bank may act as an escrow agent with respect to real property, and may receive funds and make disbursements from escrowed funds in that capacity. The state bank shall be deemed to be acting in a fiduciary capacity with respect to these funds. A state bank which maintains such an escrow account relating to a mortgage, whether or not the mortgage has been assigned to a third person, shall deliver to the mortgagor a written summary of all transactions made with respect to the loan and escrow accounts during each escrow account computation year as defined in [12 C.F.R. §1024.17](#). The summary shall be delivered or mailed not later than thirty days following the escrow account computation year to which disclosure relates and shall include the information required for annual escrow account statements under [12 C.F.R. §1024.17](#).

4. *Marketability reports.* If the bank obtains a report or opinion by an attorney or from another mortgage lender relating to defects in or liens or encumbrances on the title of real property, the unmarketability of the title to real property, or the invalidity or unenforceability of liens or encumbrances upon real property, the bank shall provide a copy of the report or opinion to the mortgagor and the mortgagor's attorney.

[C97, §1850; S13, §1850; C24, 27, 31, §9183, 9185, 9186; C35, §9183, 9183-g1, 9185, 9186; C39, §9183, 9183.1, 9185, 9186; C46, 50, 54, 58, 62, 66, §526.25, 526.26, 526.30, 526.31; C71, 73, 75, 77, 79, S79, §524.905; C81, §524.905, 535B.1 – 535B.14; [81 Acts, ch 173, §5, ch 174, §1, 7](#); [82 Acts, ch 1253, §2, 43](#)]

[83 Acts, ch 124, §16](#); [2022 Acts, ch 1062, §89](#)

Referred to in [§524.904](#), [524.907](#), [524.1602](#), [535B.11](#), [536A.20](#)

Termination of installment contract, foreclosure of mortgage, or repossession of property during military service; application for relief respecting obligation or liability incurred prior to military service; [§29A.102](#), [29A.103](#), [29A.104](#), [29A.105](#)